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ABSTRACT

This guide provides assistance in using two primary management tools--the performance standards and performance-based, fixed unit price contracts--to achieve satisfactory results in Job Training Partnership Act (JTPA) programs. The guide is organized in six chapters. Chapter 1 reviews the original purpose of the JTPA and introduces the investment portfolio management concept as an appropriate approach for management of JTPA programs. In chapter 2, the importance of an effective management process in achieving good results is discussed. Chapter 3 focuses on the elements of the local planning process, the relationship of planning decisions to the performance standards and local goals, and the linkage between planning decisions and contract specifications. Chapter 4 describes a process, with examples, for defining performance expectations for individual activities and program components. Chapter 5 discusses some of the considerations that are involved in establishing a monitoring system and structure of rewards/sanctions that will guide and motivate performance in a direction responsive to the needs of the recipients and of employers. The final chapter summarizes the significant principles discussed in the previous chapters and provides suggestions for immediate action. Appendices present alternative approaches for adjusting the fixed unit payment and three sample performance-based contracting tools. (KC)

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ED328789

Using Performance Management To Achieve Quality Program Results

A Technical Assistance Guide

Prepared by Laventhol & Horwath

May 1988

Research Report 89-03

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National Commission for Employment Policy
1522 K Street, N.W., Suite 300,
Washington, D.C., 20005

CE 057010

PREFACE

This Guide is part of the Commission's work over the last year and a half on performance management under the Job Training Partnership Act (JTPA). In 1988 the Commission published several technical and policy reports in this area and completed a major evaluation of the effects of performance standards in JTPA.

Performance management is the key to success of the program and most of all to meaningful investments for the individuals JTPA serves. The performance management functions of the Private Industry Councils (PICs) and the Service Delivery Areas (SDAs) in planning, directing, and monitoring service delivery through the contracting process are the heart of quality achievements for individuals.

Much of the information in this guide is related to the contracting process. Although the Commission contracted for the guide prior to the Department of Labor's (DOL) policy review of fixed unit price contracting, we believe that nothing in the guide contradicts existing DOL policy in this area. As with other technical guides funded by the Commission, readers should be aware that the views expressed in this publication and the examples used are those of the contractor alone.

We trust that the report will prove a useful tool to the employment and training community in developing contracts that ensure the best training is provided at the most reasonable cost.

ACKNOWLEDGMENTS

This guide presents ideas and insights that have been developed and acquired over many years of direct experience with job training programs, and through association with a wide range of talented, dedicated job training professionals who, unfortunately, are too numerous to be specifically cited here.

A special acknowledgment goes to Kay Albright, Deputy Director of the National Commission for Employment Policy, for the original inspiration of this guide, and most significantly, for the patience contributed through numerous hours of concept development and refinement. Kay provided a unique blend of systems perspective, program operational, and regulatory sensitivity skills that is needed to rationally discuss the multiple dimensions of the issues described in this guide.

A second special acknowledgment goes to the Department of Labor/Job Training Division staff in Georgia who have both challenged us and provided us the opportunity to bring new ideas to the task of effectively managing job training programs.

Other individuals who have provided valuable comments and suggestions on various drafts of this guide include: Ray Worden of the National Commission on Employment Policy; Jim Kinney of the Region V Office of U.S. DOL/ETA; Chris King of the Center for the Study of Human Resources at the University of Texas; Marian Kern of the Georgia Department of Labor; Mike Gilmore of the North Central Texas Council of Governments; Joe Brannon of the Northeast Florida Regional Planning Council; Neil Gardner of the Minnesota Department of Jobs and Training; Howard Weiss of the Essex County New Jersey Service Delivery Area; and Hugh Davies of the U.S.DOL/ETA.

Special thanks to our colleagues Louise Bertsche and Sheila Baker for helping in editing and producing the guide.

TABLE OF CONTENTS

PAGE

EXECUTIVE SUMMARY i

PURPOSE OF THE GUIDE ix

ORGANIZATION OF THE GUIDE xiii

CHAPTER 1: Fulfilling the Mission 1

- A. The Challenge 1
- B. An Investment Portfolio Approach For Improving Results . . 3
- C. Implementation Requirements 8

CHAPTER 2: Performance Management Of Job Training Programs . . 11

- A. Establishing Performance Expectations 12
- B. Defining Performance Targets And Operating Standards . . 13
- C. Ensuring Effective Performance 13
- D. Achieving Desired Results 14

CHAPTER 3: Setting Performance Expectations 17

- A. Developing The Program Design 17
- B. Linking The Program Design To Performance Standards And Operational Constraints 22
- C. Conclusions 26

CHAPTER 4: Defining Performance Targets and Operating Specifications 27

- A. Overview Of The Activity Planning Process 27
- B. Developing Component Work Statements 30
- C. Conclusions 39

CHAPTER 5: Motivating Service Providers to Meet All Performance Expectations 41

- A. Compensating Performance 41
- B. Inspecting Performance 48
- C. Conclusions 49

CHAPTER 6: Achieving Quality Results 51

APPENDIX A: Alternative Approaches for Adjusting the Fixed Unit Payment A-1

APPENDIX B: Sample Performance-Based Contracting Tools B-1

LIST OF EXHIBITS

PAGE

1. The Investment Pyramid 4
2. Investment Pyramid - JTPA Program, 19XX 7
3. Investment Pyramid - JTPA Program, 19XX + 2 9
4. The Performance Management Continuum 15
5. Program Design Options 25
6. Setting Performance Expectations 29
7. Input-Output Specifications (Example) 32
8. Performance Objectives: Classroom Skills Training (Example) . . .33
9. Participant Assignment Standards: Occupational Classroom Skills Training (Example) 34
10. Work Statement: Occupational Classroom Skills Training (Example) 37
11. Adjustments to Fixed Unit Payment Based on Participant Barriers (Example) 45

EXECUTIVE SUMMARY

The Job Training Partnership Act (JTPA) is five years old. Its enactment and implementation have wrought some significant changes in the operation of the federal - state - local job training system. The primary thrust and impact of JTPA has been to establish a higher degree of performance accountability in the operation of job training programs. In general, Service Delivery Areas have done well in meeting and exceeding their performance standards. Yet, questions persist regarding the "quality" of the programs being implemented and the results being achieved under JTPA.

> This guide attempts to provide constructive, practical advice on how to answer the following question in each local SDA: "In an era of performance-driven systems management with quantitatively derived rewards and sanctions, how can an appropriate focus on qualitative program dimensions be established?"

A complete answer entails consideration of long-range vision and goals, the local planning and decision making process, performance expectations and contract standards, monitoring procedures and performance incentives. Because performance-based contracting is widely used as a management tool in the job training system, a particular focus of this guide is achieving quality program results in the context of a performance-based contracting environment.

LONG-RANGE VISION AND GOALS

As envisioned and articulated by the Congress, the programs and activities authorized by JTPA are an investment in human capital; and the success of the programs and activities should be evaluated according to a return on investment principle, specifically "increased employment and earnings of participants and reductions in welfare dependency." One approach which has been used to successfully achieve adequate long-range returns on investments is use of the "Investment Pyramid."

The Investment Pyramid is a tool for increasing the total yield from an investment portfolio by allocating available investment funds across a range of investments with various risk and return levels. In the job training context, the Investment Pyramid can be a valid tool if local managers and decision-makers see their role in terms of managing an investment portfolio consisting of JTPA and related grant funds; and if they are able to define a longer-range measure of success such as the ratio defined by the total reduction in welfare payments divided by total expenditure of grant funds, or total increase in participant earnings divided by total expenditure of grant funds.

Increases in the values of these ratios over time can be achieved, but it requires program managers and decision makers to invest in "new and improved" activities and service providers, even if there is a higher level of uncertainty or risk associated with actually achieving the planned results. There are, however, several program-related benefits to assuming these risks, including increasing the performance potential of the program and making the program design more attractive and responsive to the needs of participants and employers. In practical terms, the SDA can not pass all of the risk on to the service provider; the risk must be shared by both the Service Delivery Area and the service provider through adjustments in required performance levels and in compensation policies.

THE LOCAL PLANNING AND PERFORMANCE MANAGEMENT PROCESS

Quality program results can only be achieved when service providers and staff are motivated to achieve them. This motivation can be attained by establishing a local management process that produces a consistent set of performance **expectations**, **inspections** and **compensations** that are supportive of the longer-range goals. Each of these dimensions of performance management is important because expectations without inspections are meaningless; inspections without expectations are not fair and become confrontational; expectations and inspections without compensations are not motivating. Therefore, an effective performance management process consists of four major phases of activity:

- Establishing performance expectations and the overall program design through a planning process that is documented by the job training plan, activity work statements, and budgets.
- Defining specific performance targets and operating standards through a contracting process that is documented by the request-for-proposals and actual contract instruments.
- Ensuring effective performance through a monitoring process that is documented by monitoring reports and corrective action plans.
- Achieving desired results through a structure of rewards, sanctions and compensations that focuses on key result areas and desired behaviors/actions.

Collectively, these activities and documents define what is wanted in terms of performance. To be motivating, the management process needs to establish a consistent direction and set of priorities through these various management activities and tools.

SETTING PERFORMANCE EXPECTATIONS AND OPERATING STANDARDS

To achieve quality program results, local managers and decision makers must first of all want quality results and be willing to use the planning process as a vehicle for defining qualitative performance standards. The key planning decisions required to develop the local program design provide substantial opportunities for defining qualitative standards are:

» **Who will be targeted for service?**
The decision should use the incidence and severity of barriers to gainful employment as a criterion for targeting.

» **What types of outcomes will be achieved?**
This decision provides an opportunity to define standards for an acceptable job placement on measures such as minimum wage level, availability of fringe benefits, and a minimum period of job retention. This decision should address important interim outcomes - e.g., basic literacy skills - as well as final program outcomes.

» **What occupations and employment sectors will be targeted for training and placement?**
Program and labor market experience indicates that some occupations and employment sectors are more accessible and provide greater upward mobility opportunities for job training target groups than others. Priorities should be established that guide service provider actions and behavior toward the more accessible and better opportunities.

» **What will be the mix of activities and services to be offered?**
Identifying specific barriers and skills development objectives to be addressed, and determining a required responsiveness to individual participant needs is part of the process of defining qualitative standards for the design and implementation of individual program activities.

In sum, the ability of an SDA to contract for and achieve both quantitative and qualitative program results is directly influenced by the scope and strength of its planning process. If the SDA wants to improve the qualitative dimensions of its program performance, it must incorporate these dimensions into its planning, decision-making, and management process.

Qualitative planning at the overall program level is not, however, a sufficient condition for achieving quality results. Performance expectations must be refined down to the level at which services are actually provided: individual program activities and components. The "work statement" is a useful tool for defining activity-specific standards. The work statement will include the following information:

- **Input-Output Specifications** which define the target groups to be served, the outcomes to be achieved, the employment sectors to be targeted, and the participant employment barriers to be addressed;
- **Performance Objectives and Standards** which define expected and minimally acceptable performance levels on relevant performance indicators;
- **Participant Assignment Criteria** which establish minimum and maximum criteria for enrollment in the activity and which facilitate the appropriate assignment of participants; and
- **Operational Requirements** which define policies and procedures designed to ensure the successful attainment of the activity's objectives.

These activity standards, adjusted to reflect the individualized contribution of the activity to the overall program performance goals, provide focused, relevant guidance to the service provider about **what** they are expected to accomplish and **how** they are expected to do it.

MOTIVATING SERVICE PROVIDER PERFORMANCE

Motivating performance is primarily a function of compensating performance in accordance with agreed upon expectations. In performance-based contracting, the compensation structure is defined by two dimensions: the total fixed unit payment for full performance; the composition of interim performance/payment benchmarks.

The total fixed unit payment for full performance needs to be established and adjusted across several activities and service providers to account for differences in the following factors:

» **Characteristics of Target Groups to be Served**
To the extent that an activity/provider focuses on groups which are acknowledged to be more difficult to achieve positive outcomes for, the performance expectations for the activity should be lower than for activities/providers which do not.

» **Employment Barriers to be Addressed**
To the extent that an activity is designed to address multiple employment barriers, the fixed unit payment should be higher than for activities addressing a more limited or intensive range of barriers.

» **Scope, Intensity and Duration of Services to be Provided**
In general, components/providers which have coupled activities, have support services and/or are of longer duration should have a higher fixed unit payment.

» **Quality of the Jobs Targeted by the Training and Placement Effort**
Other design factors being relatively equal, training in higher quality jobs will tend to be of longer duration and/or intensity and should reflect a higher fixed unit cost.

These factors define differences in the level of investment required, or the level of risk associated with achieving a positive outcome and, consequently, should correlate with differences in the fixed unit payments for different activities.

In addition to these differences in activity design, adjustments to the fixed unit payment can be made to reflect qualitative differences in the enrollment and program outcome for individual participants. For example, if the full performance fixed unit payment for a classroom skills training activity is $4,000, based on the factors described above, this payment can be adjusted upward or downward to reflect differences in the level or intensity of employment barriers characterizing individual participants who are actually served. That is, a placed participant who entered the activity with one or a few barriers would be valued and compensated at a level less than $4,000 while a participant with multiple or intensive barriers would be valued at more than $4,000. This same approach can be employed to provide compensation adjustments to reflect qualitative differences in the characteristics of jobs in which participants are actually placed.

The structure of performance/payment benchmarks also needs to reflect differences in the objectives, duration, and input-output specifications of activities. As before, the factors to be considered are characteristics of participants, duration of services, and quality of job placements. In sum, the structure of payment benchmarks should mirror the relative importance of the objectives to be accomplished by the program and individual activities.

Finally, the compensation structure should include adjustments in the fixed unit payment to reflect differences in the level of certainty associated with attaining planned outcomes. In order to overcome the behavioral principle of "pursuing the path of least resistance," SDAs which are interested in investing in and developing "new and improved" activities and providers need to be willing to provide financial incentives, through higher fixed unit payments, for assuming the risks associated with pursuing the "new and improved."

ACHIEVING QUALITY RESULTS

Quality performance begins with wanting and expecting it. Local managers and decision makers must be willing to raise their sights and expand the scope of performance expectations which they establish. The performance standards indicators define a minimum set of performance expectations, not a sufficient set. The performance-based contracting approach is designed to provide flexibility to service providers in determining the methods used to obtain results; it is not designed to limit the prerogatives or the responsibility of the

SDA to define expected results in input, output or process terms. Nevertheless, expectations without appropriate compensations, and a reasonable opportunity for attaining the compensations, will not be sufficiently motivating.

The purpose of the Job Training Partnership Act clearly suggests the intent to produce program outcomes that represent **ever increasing improvements** in the pre-program employment, employability and income conditions of the people being served. This can only be accomplished by making investments in expanding the performance potential and capability of the local job training system.

PURPOSE OF THE GUIDE

The enactment of the Job Training Partnership Act (JTPA) has wrought some significant changes in the operation of the federal-state-local job training system. Beyond the redefinition of authority and responsibility relationships at each level in the system, the primary thrust of JTPA has been to establish a higher degree of performance accountability in the operation of job training programs. This performance accountability thrust is reflected in several provisions of the Act:

- a bottom-line "return on investment" approach for evaluating the relative effectiveness of job training programs;
- directions to the Secretary of Labor to develop a system of performance standards for assessing program accomplishments;
- cost limitations that prescribe minimum expenditures for training and for youth activities; and
- an overall emphasis on job placement, earnings enhancement and, in the case of youth, development of workplace skills and behaviors.

Finally, the Act grants significant authority to Private Industry Councils (PICs) to engage in policy development and oversight to ensure that these mandates are fulfilled within the context of locally defined needs, priorities, and goals.

This guide is being written six years into the implementation of JTPA: PICs have been organized; the performance standards system is in place; and programs are operating and producing results. The results are mixed. In general, Service Delivery Areas have done well in meeting and exceeding their quantitative performance standards. JTPA implementation has also been accompanied by increasing use of performance-based, fixed unit price contracting as a primary management tool for achieving local performance standards, establishing performance accountability at the service provider level, and complying with limitations on administrative expenditures.

Yet, there are emerging concerns regarding the quality of JTPA program operations as measured by such factors as the groups being served, the duration and intensity of training activities, and longer-term job retention and earnings. Having demonstrated its capability to attain and exceed acceptable levels of performance, the job training system is now faced with the challenge of demonstrating its capability to produce qualitatively meaningful results. This challenge is concisely captured in the following statement:

"In an era of performance-driven systems management with quantitatively derived rewards and sanctions, how can an appropriate focus on qualitative program performance dimensions be established?"

The challenge is more easily stated than solved.

Local job training programs confront the difficult management task of establishing high expectations and accountability for results achieved - both quantitative and qualitative - while simultaneously providing flexibility at the operational level to encourage quality of process as well as quality of outcome. In the "management excellence" literature, this approach is called "tight-loose" management where results are clearly defined and controlled, and significant flexibility is allowed on methods used. But the management task is more complex in job training programs. There is a strong, interactive dynamic among the participants served (i.e., inputs), the types of jobs in which placements are made (i.e, outcomes), and the structure and design of training activities and services (i.e., process). Failure to adequately manage each of these dimensions - inputs, outcomes, process - will produce unsatisfactory results.

The purpose of this guide is to provide constructive assistance in how to use the two primary management tools - the performance standards, performance-based, fixed unit price contracts - to achieve satisfactory, ever-improving results. The guide is targeted to two major audiences:

- Members of **Private Industry Councils** who, through their policy guidance and oversight roles, are ultimately accountable for the responsiveness of the job training program to local needs.
- The **SDA Executive Director** who is accountable to the PIC and, in practical terms, to the State administrative authority for the operation of the local program and the attainment of the performance standards.

It is not the purpose of this guide to debate the merits of performance standards. JTPA establishes the mandate for performance accountability. Performance standards and performance-based contracting are simply two management tools for fulfilling this mandate.

ORGANIZATION OF THE GUIDE

Achieving good results begins with a strong, well-defined sense of purpose and direction. Therefore, we begin this guide by revisiting the original purpose of JTPA as stated in the Act, and by introducing the investment portfolio management concept as an appropriate approach for the long-term management of JTPA and other human resource development funds. In Chapter 2, we discuss the importance of an effective management process (i.e., one that establishes strong linkages among planning/decision-making activities, implementation/contracting activities, and monitoring/motivational activities) on achieving good results, both short- and long-term. Chapter 3 focuses on the elements of the local planning process, the relationship of planning decisions to the performance standards and local goals, and the linkage between planning decisions and contract specifications. This focus is presented in the guide because good contracts and good performance begin with good plans.

Chapter 4 describes a process, with examples, for defining performance expectations for individual activities and program components. The emphasis of Chapter 4 is defining qualitative as well as quantitative performance expectations for individual activities because it is at the level of individual activity or component design that the local program becomes fully or partially responsive to the needs that exist in the local area. Chapter 5 discusses some of the considerations that are involved in establishing a monitoring system and structure of rewards/ sanctions that will guide and motivate performance in a direction which is responsive to the needs of the eligible population, to the needs and requirements of local employers, and to other locally relevant goals of the Private Industry Council and chief elected officials. Chapter 6 summarizes the significant principles which have been discussed in the preceding chapters and provides some suggestions for immediate action.

CHAPTER 1: Fulfilling the Mission

Since the implementation of the Job Training Partnership Act (JTPA) and the advent of a performance management system driven by a set of performance standards indicators, Service Delivery Areas on the whole have done an admirable job of demonstrating their ability to achieve higher and higher levels of performance, at least as measured in quantitative, numerical terms. Yet, this achievement, which was encouraged by the structure of rewards and sanctions in the performance standards system, is coming under an increasing amount of scrutiny and criticism because of the inherent trade-offs between quantity and quality, particularly when increasing levels of performance are being accompanied by rapidly declining per unit costs.

A. The Challenge

Much of the current debate regarding the policy structure of JTPA really reflects a concern as to whether the original stated purpose of the Act is being achieved. As envisioned and articulated by the Congress, the job training programs and activities authorized by JTPA are an investment in human capital, and the success of the programs and activities should be evaluated according to a return-on-investment principle; specifically, "increased employment and earnings of participants and reductions in welfare dependency."

Until the recent additions and revisions to the performance standards (i.e., incorporating 13-week follow-up indicators), performance has been judged according to very immediate, short-term measures of program success and impact. Not surprisingly, programs have tended to be designed and managed to maximize performance on these short-term measures.

The program quality consequences of this pattern of implementation and management are becoming more visible in a series of evaluation and policy-related questions being posed by a variety of constituent and interest groups:

- Are the programs adequately reaching out and serving the "harder-to-serve" populations, as defined by the extent of employment barriers, not just demographic characteristics?

- Have the performance standards led to an over-concern for controlling costs, leading to under-investments in quality, intensive training and resulting, in many cases, in the underexpenditure of available funds?

- Is the use of performance-based contracting leading to over-control of quantitative variables, under-concern for qualitative dimensions, and to the systematic elimination of quality service providers?

These are legitimate, pertinent concerns regarding the current operation of the State and local job training system funded by JTPA.

This issue is akin to the recent controversies regarding the influence of investors and Wall Street over the U.S. economy. Investors argue that the threat of corporate take-overs brings a higher level of management accountability and performance. This same argument applies to the performance standards. The performance standards brought a necessary, higher level of accountability to the management of job training programs; and, quantitatively at least, performance has steadily improved. Yet short-term performance pressures can produce negative consequences for longer-term results: (1) disposing vs. acquiring assets in order to increase cashflow; (2) limited or no investment in new equipment and technologies in order to control expenses and increase short-term profits; and (3) subcontracting operations to limit investments and risk, and foregoing opportunities for longer-term capacity development within the firm.

What are the analogous patterns in the job training system? Trends which are very observable include: (1) shorter training programs and declining per unit costs; (2) more, not less, contracting and subcontracting; (3) competitive procurement processes which focus on quantitative performance and cost measures and have an increasingly difficult time attracting proposals for innovative programs; and (4) increasing, not decreasing difficulty in attracting participants to the program. These are not the characteristics of an investment strategy. To borrow a business phrase, they reflect a "harvesting" approach which is generally employed when a business is considered to be in the later stages of its life cycle.

The problem is not the performance standards. Performance standards are necessary for the functioning of any credible business operation. The issue is one of management philosophy and approach: (1) viewing the purpose of the program as being a longer-term solution; (2) relating shorter-term achievements to longer-term purposes; (3) suboptimizing short-term performance and rewards in order to maximize longer-term results; (4) making continuous investments to increase productivity and performance; and (5) focusing more on increasing "revenues" than on controlling "costs."

B. An Investment Portfolio Approach For Improving Results

The real job of SDA managers and decision makers, including the Private Industry Council, is to manage an investment portfolio that is financially supported by JTPA and other grant funds, and to achieve an acceptable rate-of-return from the portfolio for the public "stockholders." These stockholders include a wide diversity of specific interests, but their general, common interest is captured in the overall purpose stated in JTPA: **to achieve economic self-sufficiency for participants and reduce welfare payments**. Thus, the challenge for the JTPA portfolio manager is the same as for the financial portfolio manager: over time, maximize the rate-of-return on the investment base.

Achieving a rate-of-return on investment requires balancing the potential yields of various investment options against the risk levels associated with each option. In general, riskier investments have higher potential yields which, of course, have lower probabilities of being attained. To achieve the proper balance between risk and yield in the overall investment portfolio, managers use a tool called the "investment pyramid." The investment pyramid concept is illustrated in Exhibit 1.

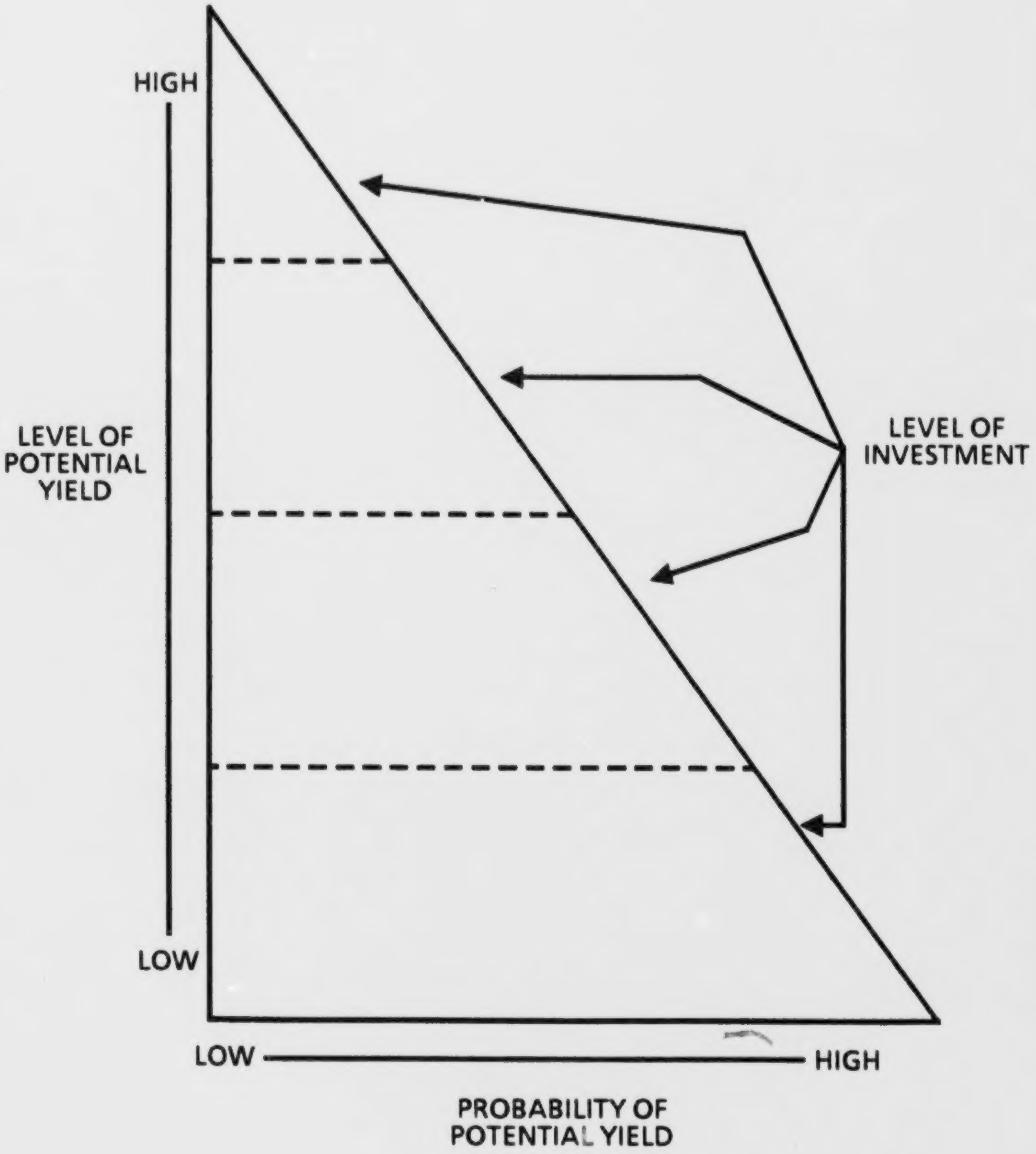
The investment pyramid reflects the following relationships and assumptions:

- There is an inverse relationship between level of return/yield and the certainty of achieving the return; high yields have high risks/low probabilities, and vice-versa.

- The portfolio manager will want to structure a mix of risk-return investments in the overall portfolio, but the level of investment at any risk-return level will again bear an inverse relationship to the associated risk level. That is, the largest percentage of capital in the portfolio should be invested in lower yield-higher probability options, and so on.

Why should the portfolio manager want to invest any capital in higher risk options? The answer lies in the fact that the key to long-term financial success is not only to achieve an acceptable rate-of-return at any given point in time, but also to create the potential for exceeding the acceptable rate-of-return. This same principle applies to business success. If the investment portfolio is structured totally around low- or no-risk investments, then the rate-of-return will be the same as Treasury Bills (i.e., a zero risk investment), and a portfolio manager is not needed.

EXHIBIT 1
The Investment Pyramid


HIGH
LOW
LEVEL OF POTENTIAL YIELD
LEVEL OF INVESTMENT
LOW
HIGH
PROBABILITY OF POTENTIAL YIELD

Again, what is the analogous situation in the job training system? At a micro-level perspective, participants will not be motivated to enter or complete the program if it is designed to provide the same service strategies and outcomes (e.g., low-skilled, minimum-wage jobs) that are available through other institutions that have alienated the participant, and/or are obtainable through the participant's own efforts. At a more macro-level perspective, policy makers may choose to allocate funds to a service system (e.g., welfare) that has the potential for achieving higher quality outcomes, or to a more established, stable system (e.g., vocational education) that can produce the same results and has more overall resources with which to work. In other words, the job training system does not simply have to achieve acceptable performance levels in the short-term. As a relatively small player in a big bureaucratic resource arena, it must make the investments necessary to continually expand its performance capability, or face the prospect of a profound and continuing erosion of competitive position at the very time when employers are grappling with labor shortages and the public is becoming concerned about encrustation of the underclass, or poverty-level population.

How, then, does the investment pyramid work as a planning and decision-making tool? Let's assume that we have total investment capital of $100,000. Treasury bills have a current yield of 10%, but we have set a return-on-investment goal of 15%. If the range of yield-risk investment options is as follows:

- 10% yield at 100% certainty (e.g., Treasury Bills);
- 15% yield at 80% certainty;
- 50% yield at 40% certainty;
- 100% yield at 25% certainty;

what is the overall mix of investment options that will provide an expected return-on-investment of 15%?

The first thing that is obvious is that the 15% desired overall return (= $15,000) cannot be obtained by allocating all funds to the higher probability returns; a 15% yield with 80% certainty produces an expected yield of approximately 12% (.15 x .80). Therefore, some allocation of funds to the higher risk investments is necessary to attain the desired expected return of 15%. One allocation plan that would achieve this objective is:

$30,000 at 10% (100% probability) = $ 3,000

$30,000 at 15% (80% probability) = $ 3,600

$30,000 at 50% (40% probability) = $ 6,000

$10,000 at 100% (25% probability) = $ 2,500

This plan would produce a total expected yield of $15,100, or the desired return-on-investment. Interestingly, this rate-of-return **cannot** be achieved with a lesser allocation to the higher risk investment options; and of course, the potential rate-of-return is much higher than 15%. However, the bottom-line benefit is that the investor has increased his/her investment options in the future because (s)he has $5,000 more investment capital than the more conservative investor. As this exercise is played-out over several investment cycles, the more aggressive investor gains more wealth and more influence.

Let's return again to the relevance of this tool to job training program management. First of all, what is the overall, long-term goal? As a measure of return-on-investment, we can use the ratio: total reduction in welfare payments divided by total expenditure of grant funds. If you prefer to not focus exclusively on the welfare population, you can use the ratio: total increase in participant earnings divided by total expenditure of grant funds. The long-term goal is to continually increase the value of this ratio.

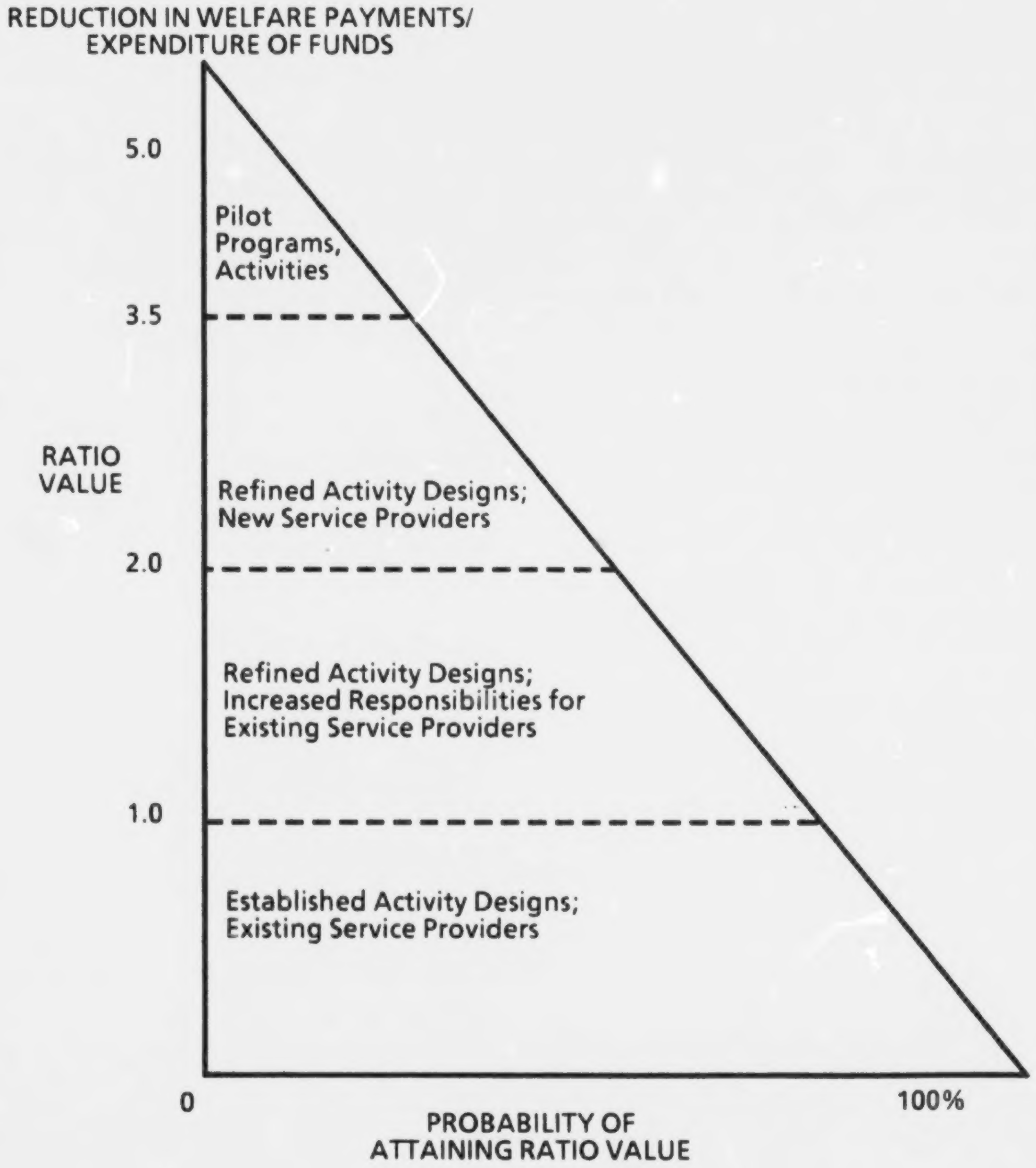
Exhibit 2 illustrates an investment pyramid of options that confront job training decision makers in every planning and competitive procurement cycle. In Exhibit 2, the current program design produces a ratio value of 1.0 -- for each dollar of grant funds expended, welfare payments are reduced by one dollar; this can be considered the "break-even" point. But business and program success is defined by moving beyond the "break-even" point.

Raising the ratio value above 1.0 means that program managers and decision makers must be willing to invest in "new and improved" activities and service providers, even if there is a higher level of uncertainty or risk associated with the results that will actually be produced. For example, increasing service to welfare recipients through higher planned enrollments in a new or refined activity obviously increases the potential for achieving a higher return-on-investment than 1.0; however, there are some performance-related risks in increasing service to welfare recipients who will, in general, require higher per participant expenditures because of their more extensive employability barriers, and who may be more prone to dropout of the program. Similarly, the development and implementation of customized training programs in new occupations increases the potential for placements and higher wages, but there will be uncertainties associated with any new endeavor.

What, then, are the advantages to the local program managers and decision makers of taking on these additional risks?

- First, the performance **potential** of the program is increased.
- Second, the practical pool of participants is increased as the attractive capability of the program to address a broad range of needs is expanded.

EXHIBIT 2
Investment Pyramid - JTPA Program
Year 19xx


REDUCTION IN WELFARE PAYMENTS/
EXPENDITURE OF FUNDS
5.0
Pilot Programs, Activities
3.5
RATIO VALUE
Refined Activity Designs; New Service Providers
2.0
Refined Activity Designs; Increased Responsibilities for Existing Service Providers
1.0
Established Activity Designs; Existing Service Providers
0
100%
PROBABILITY OF
ATTAINING RATIO VALUE

- Third, by improving its performance capabilities quantitatively and qualitatively, the program broadens its customer base to a wider range of employers and funding sources, as well as participants.
- Fourth, by establishing a more creative and competitive tone in its planning and procurement, the program can attract and retain a higher quality, more responsive group of service providers.

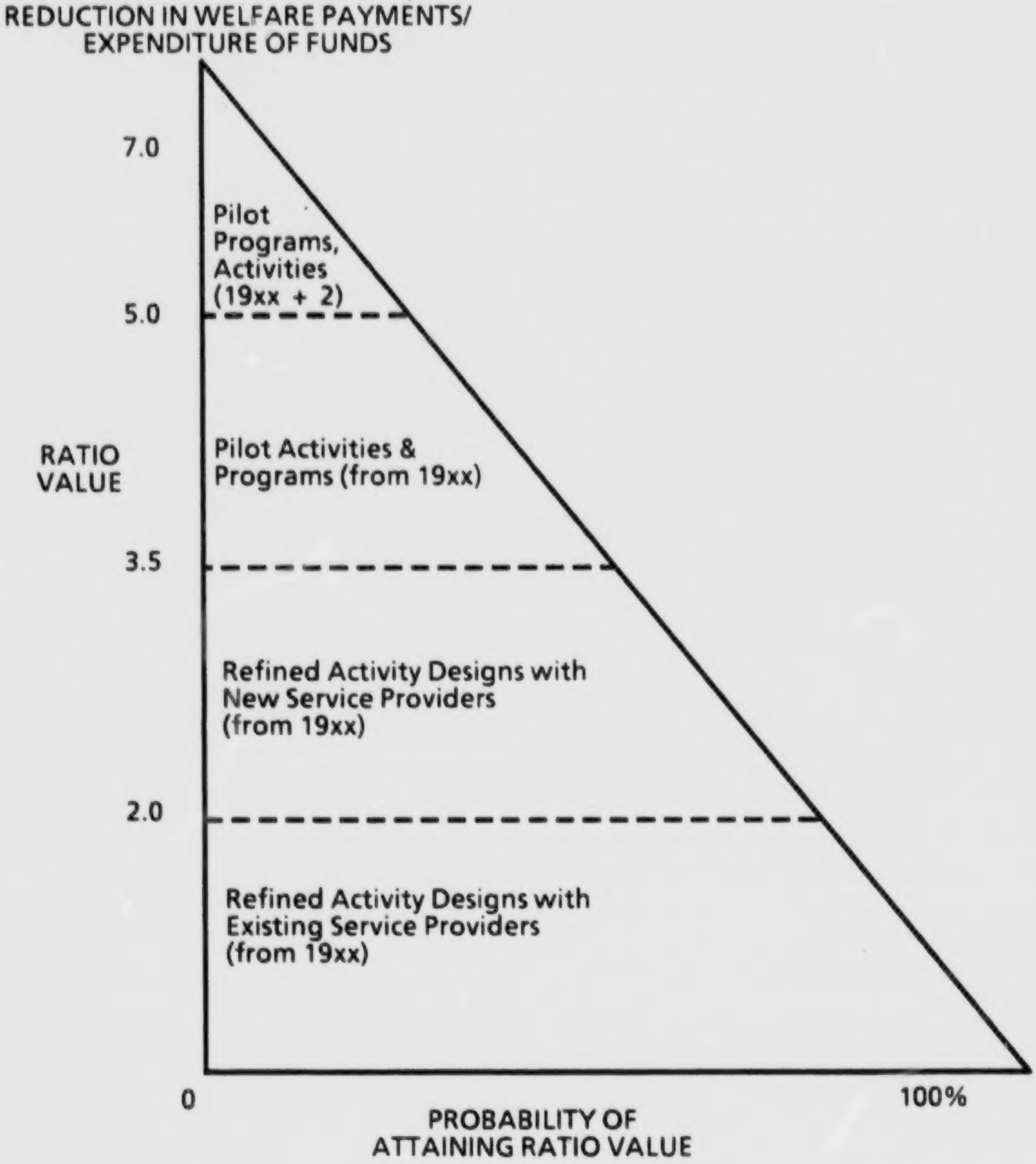
Finally, and significantly, the program will be able to retain a committed, motivated group of staff and PIC members who feel good about what they are doing.

Moreover, the innovation process never stops and the potential "return-on-investment" can be continually increased. Over time, activity designs and/or service providers which are seen as risky investments in the present can become more established and less risky parts of the overall program design as design and operational deficiencies are identified and corrected. Yet, these activities and/or service providers retain the same potential for generating a higher return-on-investment, as we have defined it. The difference is that the certainty of achieving that potential return has increased. As the local program increases its level of investment in these activities, the expected return-on-investment for the overall program will rise. This trend is illustrated in the revised JTPA investment pyramid presented in Exhibit 3.

C. Implementation Requirements

The incorporation of post-program measures into the performance standards system will certainly provide an impetus for increased attention to the qualitative dimensions of program design and operations. Yet, expanding the performance potential of the local job training system will require an organized and integrated approach to program management. The remainder of this guide provides some specific suggestions for structuring local policies and procedures regarding planning, contracting, and monitoring that will, over time, increase the potential and actual performance of the local program. These suggestions are based on the simple notion that people, including service providers, will perform according to what is **expected**, **inspected**, and **compensated**. Expectations without inspections are meaningless; inspections without expectations are not fair and become confrontational; expectations and inspections without compensations are not motivating.

EXHIBIT 3
Investment Pyramid - JTPA Program
19xx + 2



In conclusion, the long-term success of the job training system will be determined by its ability to respond effectively to changing, increasingly complex sets of needs. Established, staid bureaucratic service structures are not the answer, and frankly are not the mandate of JTPA. Just as the successful investor makes periodic, but prudent adjustments to his/her investment portfolio in response to changing market conditions and/or emerging opportunities, the successful job training program will make regular refinements and revisions to its program design portfolio.

CHAPTER 2: Performance Management Of Job Training Programs

The performance-driven nature of JTPA implementation (i.e., the use of performance standards to define "acceptable" performance, and the application of incentives and sanctions based on attainment/nonattainment of the performance standards) has led some SDA managers and PICs, not unnaturally, to place heavy emphasis on "managing against the numbers." At the same time some service providers, particularly those operating under performance-based contracts, have focused the design and operation of their programs on the **compensable** aspects of performance - which have tended to be reflective of and tied to the quantitative performance standards indicators. Yet, the dimensions of a job training program's success are more complex than twelve performance standards indicators.

Achieving the performance potential of the local job training system - the goal of program managers and policy makers - requires that program plans and operations allow qualitative program objectives to be established, promoted, and achieved while quantitative performance standards are being attained. This balanced approach to planning and decision-making is based on the fact that performance standards, while important, are only one essential input to a continuum of performance management considerations, decisions and actions.

A complete continuum of performance management decisions and actions consists of four major phases:

- Establishing performance expectations and the overall program design through the planning process.
- Defining performance targets and operating standards through the contracting process.
- Ensuring effective performance through the monitoring process.
- Achieving desired results through corrective actions, rewards or sanctions.

Each of these phases is, in turn, supported by the development and use of specific products or documents which become the primary tools for implementing a performance management system that can guide and control the accomplishments of the local job training program.

A. Establishing Performance Expectations

Complete, clear and relevant performance expectations are a necessary, but not sufficient, condition for achieving positive program results. The quantitative and qualitative performance expectations which are established by the SDA will be reflected in three planning-related documents/products:

THE LOCAL JOB TRAINING PLAN

The local job training plan is and should be much more than a compliance document submitted to obtain funds. The plan represents the decisions which have been made regarding local needs and priorities and the actions which will be taken to address those needs. The plan is a public statement by the SDA's management and the PIC regarding:

- "here's what we see as the needs;"
- "here's what we plan to do about it."

Thus, the job training plan defines the path for future action and reflects both the analysis of local needs and a statement of local objectives and values for the program.

ACTIVITY/COMPONENT WORK STATEMENTS

Work statements translate the design or plan for the overall program into plans for individual activities (e.g., classroom skills training) or program components (e.g., remedial education and job search skills). The major advantage of work statements is that they define performance expectations and action plans at the organizational level at which program operations will be budgeted and operated. Performance objectives for the overall program are useful, but unless objectives and expectations are established at the individual activity/component level, the information will be insufficient to guide program operations. The work statement is an effective management tool for providing an adequate level of guidance.

THE BUDGET

The plan must be developed within the context of available resources - all available resources. At the overall program level, the budget must conform to the legislative limits on allocation and use of funds (e.g., 70%-15%-15%; minimum expenditures for youth). The real task is developing budget estimates for the individual activities and program components. A cost range should be established for each activity/component as part of the planning process. The cost ranges should reflect differences in the duration, intensity, and required investments (e.g., equipment) of individual activities. The sum of these "price tags" should, of course, approximate the total available funds less administrative costs and any planned reserves or carry-over.

B. Defining Performance Targets And Operating Standards

The planning documents define the desired types and levels of accomplishment. Actual expected accomplishments are negotiated between the SDA and the available, qualified service providers; directing, facilitating, and concluding the negotiations in a productive manner is the function of the contracting process. There are two primary contract-related documents:

REQUEST FOR PROPOSALS/QUOTATIONS

When program activities are to be provided by a contractor, the activities and related services must be solicited through a competitive process using a Request-for-Proposal (RFP) or Request-for-Quotation (RFQ). The RFP/RFQ must provide sufficient information so that potential bidders can understand what activities/services and capabilities the SDA is seeking. If the performance expectations defined in the planning process are to be reflected in program operations, these expectations must be fully and clearly communicated in the RFP/RFQ. Vague RFPs produce vague proposals which, in turn, usually produce vague contracts. The solicitation should communicate the full range of applicable expectations, particularly those related to qualitative factors (e.g., target groups, barriers to be addressed, competencies/skills to be developed, placement wage).

Furthermore, the RFP/RFQ should identify and define the criteria which will be used to evaluate received proposals; these criteria should reflect the relative importance of specific performance expectations.

THE CONTRACT

The contract is the negotiated conversion of the successful bidder's proposal into an enforceable agreement, which is binding on both parties and which incorporates the general and special assurances required for doing business with the SDA. Qualitative and quantitative performance objectives should be spelled out clearly in the contract, along with payment benchmarks and standards that are tied to the objectives.

C. Ensuring Effective Performance

The contract formalizes the performance expectations. Yet, experience has clearly demonstrated that service providers will focus on what is inspected, not necessarily on what is expected. Therefore, an effective performance management system must have an inspection process that verifies progress in attaining the established performance objectives; in job training programs this inspection process is called monitoring. The major monitoring- related products that contribute to effective performance management are:

MONITORING REPORTS

Monitoring reports document the results of on-site and off-site reviews of contract activity. The reviews will focus on issues of compliance, achieving fiscal and participant service objectives, and operational effectiveness. Monitoring reports will present findings and recommendations regarding strengths, weaknesses, and improvement actions.

CORRECTIVE ACTION PLAN(S)

To the extent that monitoring reports identify performance problems or deficiencies, corrective action steps to improve the performance situation will need to be identified. These steps can be of several types:

- required actions to be taken by the contractor, usually in response to some compliance-related findings;
- recommended actions to be taken by the contractor, usually in response to an identified weakness but one that is not endangering the fulfillment of contract responsibilities; and
- technical assistance to be provided or arranged by the SDA.

Corrective action plan(s) should establish the shared, joint responsibility of both the contractor and the SDA to improve performance.

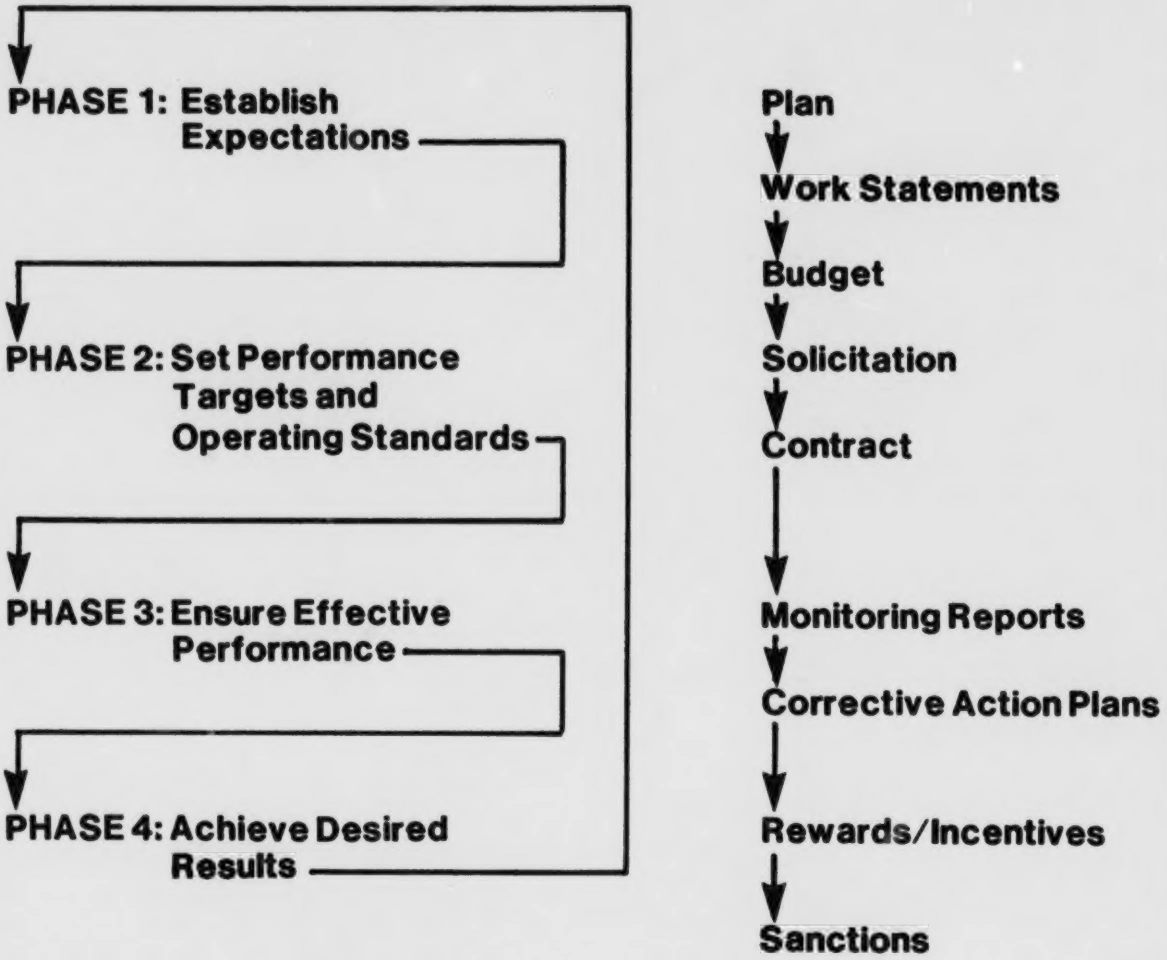
D. Achieving Desired Results

The monitoring process can help operations stay on track in relation to performance expectations, but achieving desired results over the long-term requires that service provider behavior be managed; the key to managing behavior is the structure of **compensation**. In effect, when service providers meet or exceed performance expectations, they should receive rewards; when they fail to achieve performance expectations, a progressive series of sanctions should be applied. Any performance management process that is not tied to a structure of rewards and sanctions will not be fully effective.

The relationship of these nine management tools to the four phases in the performance management continuum is summarized in Exhibit 4. The significance of the performance management continuum is that the ability of the local job training system to achieve the results it wants - quantitatively and qualitatively - is directly related to what it **expects**, **inspects**, and **compensates**. The process begins with a clear plan and culminates with effective monitoring and appropriate rewards/sanctions. Some considerations and suggestions for completing the steps in this process are presented in Chapters 3-5.

EXHIBIT 4

THE PERFORMANCE MANAGEMENT CONTINUUM


PHASE 1: Establish Expectations
PHASE 2: Set Performance Targets and Operating Standards
PHASE 3: Ensure Effective Performance
PHASE 4: Achieve Desired Results
Plan
Work Statements
Budget
Solicitation
Contract
Monitoring Reports
Corrective Action Plans
Rewards/Incentives
Sanctions

CHAPTER 3: Setting Performance Expectations

Planning is the driving force for what can be accomplished through the local job training program, but planning and decision-making in the job training environment is complicated by several factors:

- There is no single "bottom-line" to be achieved;
- There are multiple, often competing needs calling for responses;
- There are real constraints on the number of decision options as represented by resources, political considerations, and applicable performance standards; and
- Decision-making is a public, group process reflecting diverse interests in which the "optimum" decision - if it can be defined - is not always achievable.

Nevertheless, the performance potential of the local job training system can be realized if a proactive approach to planning and decision-making is followed.

A. Developing The Program Design

Every local job training program must make planning decisions on the following program design dimensions:

» who will be targeted for service?

» what types of outcomes will be achieved?

» what occupation and employment sectors will be targeted for training and placement?

» what will be the mix of activities and services to be offered?

In each of these decision areas, the local program has substantial flexibility and latitude. The only real external constraints are imposed by the legislation (i.e., eligibility, allowable activities and outcomes) and by local social, demographic, and economic conditions. The availability of service providers and local political attitudes may be perceived as additional constraints, but in reality these factors are subject to change and to the decisions of the local policy makers and program managers (recall the discussion in Chapter 1).

Within each decision area, there is a range of available options. The overriding decision-making consideration is that the decisions in each area should represent a consistent, mutually achievable, responsive program direction.

WHO WILL BE TARGETED FOR SERVICES?

This is the most important planning decision to be made because it defines how the PIC and the program managers interpret the needs of the local area. Because of its importance, this question is also the most controversial and difficult one to be confronted by local decision makers. The answer to this question has several dimensions:

- Targeting of specific demographic characteristics (e.g., age, sex, race) and social-economic characteristics (e.g., welfare recipient, educational level, offender) based on relative incidence in the eligible population;
- Targeting of specific groups based on generalized problems regarding employability (e.g., long-term unemployed, displaced homemakers, dislocated workers, Viet Nam-era veterans);
- Targeting based on incidence and severity of barriers to gainful employment (e.g., limited skills, educational deficiencies, limited or variable work history, high dependency support requirements).

All of these dimensions are important because this planning decision will determine not only who gets into the program, but also what employment-related barriers will need to be addressed.

The factors which should be considered in making this planning decision include the following:

- » the legislated eligibility requirements;
- » policy mandates regarding proportional incidence and minimum service levels to specific groups in the eligible population;
- » labor market and program information identifying the employment barriers and needs of specific target groups;
- » availability of resources to address the employability barriers for specific groups;
- » historical capability and willingness of available service providers to serve specific groups; and
- » impact of interagency coordination arrangements on target group emphases for specific agencies

and programs (e.g., JTPA, Employment Service, Vocational Education).

These factors help determine what should be the appropriate focus of the local job training program in terms of groups to be served and the role of the job training program in addressing the full range of barriers faced by the target groups.

This decision should receive a lot of attention in the local planning process. First and foremost, the designation of groups to be served and employment barriers to be addressed will influence the range of feasible options in the other decision areas. For example: (1) the entry requirements for some occupations will simply be beyond the range of trainable skills for the majority of members of certain target groups; (2) the activity and service mix will need to be structured to address the scope and severity of the employment barriers of the designated target groups. Second, the JTPA performance standards models uses participant characteristics as one major input in computing the applicable performance standards for the SDA. In brief, to the extent that the SDA enrolls and serves certain harder-to-serve target groups (e.g., minorities, welfare recipients, school drop outs) in proportions greater than the national average for the group, the model recognizes the performance implications of this decision by adjusting the standards for outcomes (e.g., entered employment rate) down, and the standards for costs (e.g., cost per entered employment) up.

As previously suggested, the decision of who will be served must go beyond the simple identification of groups and the service percentages of each. As will be further discussed in Chapter 4, the identification of employment barriers and deficiency levels to be addressed through the job training program is needed to establish appropriate criteria for program and activity enrollment, and appropriate specifications for training competencies, materials, etc. **The explicit identification of barriers to be addressed is an important qualitative input to the design of the local program.**

WHAT TYPES OF OUTCOMES WILL BE ACHIEVED?

JTPA places a strong emphasis on job placement (for adults) and the attainment of work-related competencies (for youth) as the priority outcomes of the program. However, the language of the Act also defines some qualitative considerations regarding program outcomes, e.g.:

- retention in unsubsidized employment;
- increase in earnings, including hourly wages;
- reduction in the number of welfare recipients and in the amounts of cash welfare payments;

- attainment of PIC-recognized competencies (for youth) regarding basic education and workforce readiness skills; and
- school completions or attainment of school completion equivalents (for youth).

Thus, this decision area also provides some opportunities for inserting qualitative dimensions into the design of the program.

Quality program outcomes can be simply defined as ones which represent a significant improvement in the pre-program status of the participant. Some of the considerations are:

- For job placement outcomes, local decision makers must determine if placement in any training-related job is acceptable, or if an acceptable job placement is defined by other qualitative characteristics such as: a specified minimum wage level, availability of fringe benefits, a specified minimum period of job retention, the existence of a career ladder for post-placement upward mobility, or other factors that can contribute to job retention and increased earnings in the future.
- For non-job placement outcomes, local decision makers must determine what they will be. How will competency attainment and/or school completion for the purpose of program termination be defined: which competencies? how many competencies?

Defining the types of acceptable positive program outcomes is a very important policy decision. The outcomes must be relevant to the needs of target populations (i.e., regarding job stability and mobility, or compensation) and to the needs and requirements of the area's employers (i.e., regarding skills and workplace competencies). In defining outcomes for the program, the PIC and program managers need to look at interim outcomes (e.g., basic literacy skills) as well as final outcomes (e.g., job placement and retention).

WHAT OCCUPATIONS AND EMPLOYMENT SECTORS WILL BE TARGETED FOR TRAINING AND PLACEMENT?

This is the decision area in which the Private Industry Council is expected to make the greatest contributions in improving the quantitative and qualitative performance of the job training program. The decision-making approach can be a passive one in which any occupation or employment sector with job openings is acceptable; or the approach can be more proactive in which occupations and employment sectors (e.g., industry or employer size groupings) with desirable characteristics are targeted for attention, activity, and development.

As in the selection of target populations for service, there are several factors to be considered in making this decision:

- labor market information identifying occupations and industry sectors with job openings and expanding growth in demand for workers;
- the needs of area employers for specific skills, and the expectations of these employers regarding hiring requirements, workplace behaviors, etc.; and
- other information indicating wage levels, general training requirements, working conditions, etc.

The most important decision-making criterion is the ability of the target populations to access both immediate job openings and longer-term upward mobility opportunities. At the same time, targeted occupations and employment sectors must be responsive to the needs of employers for qualified workers if the JTPA program is to achieve credibility as a quality referral source for workers.

WHAT WILL BE THE MIX OF ACTIVITIES AND SERVICES TO BE OFFERED?

Translating priorities regarding target populations, outcomes, and employment sectors into an effective and feasible service mix is **the most** difficult challenge facing local decision makers. There are several considerations that come into play:

- What are the significant employment-related barriers faced by the target populations? Of these, which are most critical in responding to employer requirements and expectations?
- What are the capabilities and capacities of the local delivery system - existing and potential - to provide specific services? What are the logistical constraints in providing specific services or mixes of services?
- What is the availability of funds - JTPA and other - to provide services? What constraints do the funding levels and mechanisms impose on the services and mixes of services that can be provided?

These considerations suggest some significant trade-offs in making the final program design decision.

In developing the activity and service mix for the job training program, local decision makers must determine the significant employment barriers and longer-term skills development objectives (e.g., the ability of an individual to effectively manage their personal finances) on which to focus; and should determine how much flexibility to incorporate into the program design to allow responses to individual participant barriers or needs. Once again, this decision entails more than identifying specific activities and services to be provided, and determining the relative allocation of funds among the activities/services. **Identifying specific barriers and skills development objectives to be addressed**, and determining the required responsiveness to individual participant needs (i.e., through support services or the development of basic skills) **is part of the process of defining qualitative standards for the design and the implementation of individual program activities**.

The decisions made in these four areas - target groups, outcomes, targeted occupations, service mix - will establish a strong direction for the local program. The decisions regarding participant characteristics and the service mix (i.e., as a determinant of average duration of participation) will each have a direct impact on the performance standards for the SDA. More importantly, these decisions represent a set of expectations that defines standards of responsiveness to the needs of the local area.

B. Linking The Program Design To Performance Standards And Operational Constraints

Even the most proactive, aggressive planning process eventually confronts the real-life limitations imposed by internal and external constraints. JTPA establishes a management system that is influenced by a set of quantitative performance indicators and mathematically-derived standards. Although these standards are themselves strongly influenced by local planning decisions, they are also impacted by economic factors beyond the control of the local program and, thus, represent some degree of constraint on decision-making options.

THE IMPACT OF THE JTPA PERFORMANCE STANDARDS

The JTPA performance standards are an important consideration in the local planning process because:

- Exceeding the SDA's performance standards means financial rewards/incentives, and consistently failing to attain the standards means administrative or financial sanctions.
- The performance standards are a common method for planning and controlling performance of service providers.

For better or worse, these facts will continue to influence local decision-making behavior.

However, as previously noted, SDAs in general have demonstrated the ability to attain and exceed their standards. As quantitative performance levels continue to increase, the question arises as to whether qualitative factors are being adequately considered in local decision-making. The implications are troubling: First, an excessive focus on exceeding the national departure point or the standards of other SDAs will not produce program designs that reflect an adequate assessment of local needs. Second, as performance levels continue to rise (or fall in the case of the cost indicators) reflecting actual program experiences, the performance standards model will produce standards that may be even more limiting on the ability to invest in and develop qualitative, responsive program designs.

The bottom-line point is that the SDA's standards are set to a large degree by the local planning decisions which are made and by the ability of the SDA to effectively implement the program in accordance with its plan.

THE IMPACT OF LOCAL CONDITIONS

Local conditions represent another set of factors influencing the decision options of local policy makers and program managers. Beyond the variables that are considered in the performance standards models (e.g., unemployment rate, population density, average wage for area), some of the significant local factors are:

- **Sources of recruitment** for the eligible population and targeted groups. In brief, the ability to enroll and serve specific target groups is very much dependent on the capability to locate and contact them, and to develop their interest in participating in the program.

- **Employment opportunities** within the local labor markets included in the SDA, as defined by number, location and characteristics. The considerations in targeting employment opportunities were previously described, but in many SDAs the opportunities are limited and the competition among job seekers is fierce. In other SDAs, target groups do not reside at a location which is geographically convenient to emerging job opportunities. In either event, the availability of accessible employment opportunities can be a significant constraint.

- **Availability and capability of service providers** is a major influence on what can be done. A program design can be desired but to produce results it must be feasible; feasibility is defined to a large extent by the availability and capabilities of service providers.

- **Attitudes of decision makers** regarding innovation and risk can have a major impact on the range of decision options. As suggested in Chapter 1, local decision makers should be supportive of staff in taking some innovative approaches to program design and management. If this support does not exist, then the range of program design options will continue to be focused on the status quo, and as noted in Chapter 1, this limits the ability of the program to earn a higher return-on-investment.

Of course, a proactive response to these factors can expand the range of decision options, even under difficult operating conditions. An innovative, successful program design can increase the interest of potential participants; more extensive support services such as remedial education, transportation and relocation assistance can increase the scope of accessible employment opportunities; a willingness to invest in new, somewhat risky projects can expand the capabilities of service providers, and provide more effective, responsive programs for both participants and employers.

RECONCILING THE PROGRAM DESIGN DECISION TRADE-OFFS

Developing a coherent program design entails trade-offs among the various decision areas and considerations. The challenge for local decision makers is presented in Exhibit 5, where the shaded area defines the range of feasible decision options.

The program design challenge is to productively intertwine the opportunities represented by responsiveness to the needs of participants and employers with the practical limitations imposed by available resources, acceptable performance levels, and capabilities of service providers. Over time, the feasible overlap between needs and the capability to respond to needs should continually increase or expand.

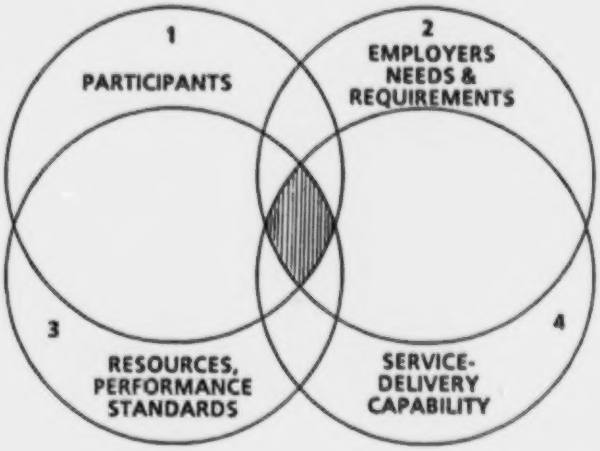
Exhibit 5 illustrates the fact that the planning effort must work on improvements in each of the four major dimensions in order to increase program design options. For example:

- Relating participant capabilities to employer requirements requires, as previously described, an increasing level of understanding of significant employment-related barriers faced by target populations, and the most significant expectations and hiring requirements of employers. Over time, the knowledge of the local program regarding both of these sets of information should become more detailed and refined; only in this way can real barriers to employment for participant groups be distinguished from perceived barrier.

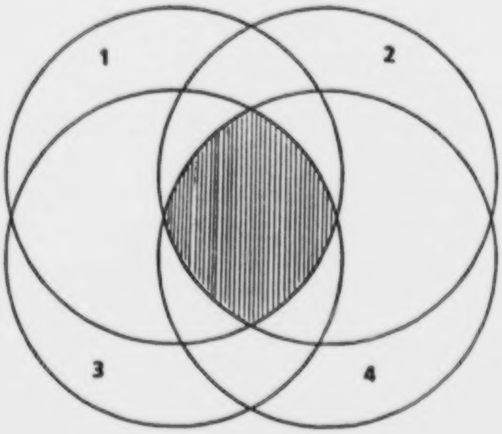
EXHIBIT 5

PROGRAM DESIGN OPTIONS

HOW
CAN THIS


1
PARTICIPANTS
2
EMPLOYERS NEEDS & REQUIREMENTS
3
RESOURCES, PERFORMANCE STANDARDS
4
SERVICE-DELIVERY CAPABILITY

BE
CHANGED
TO THIS



- Relating a desired activity/service mix to the capability of the local service delivery system requires one or more of a series of actions: (1) increasing the number of available service providers; (2) enhancing the capabilities of existing service providers through staff training, focused investments in new equipment and facilities (e.g., computers as training or management aids) or providing opportunities for new pilot projects; and (3) developing innovative project designs that allow existing service providers to utilize and expand their respective strengths.

- Reducing the real and perceived limitations of applicable performance standards and cost constraints requires the ability and willingness to adjust performance standards and cost limits to reflect more qualitative dimensions (e.g., scope and severity of employment barriers addressed, intensity of services provided) at both the overall program and individual contractor levels; a willingness to forego higher levels of incentives in the short-term to develop a program that has strong long-term development and performance potential; and the willingness to pursue additional sources of funding.

The objective of the planning effort should not be to achieve the "optimum" program design at one point-in-time. As illustrated in Exhibit 5, this is not feasible, will be frustrating for all parties involved, and can lead to some poor investment decisions. Rather the objective should be to ensure that each program planning and implementation cycle produces improvements that expand the range of feasible program design options.

C. Conclusions

The ability of an SDA to contract for qualitative as well and quantitative program results is **strongly** influenced by the scope and strength of its planning process. As stated in the preceding chapters, any service provider - and that includes the SDA in its relationship with the State - responds to those items that are expected, inspected and compensated. If an SDA wants to improve the qualitative dimensions of its program performance, it must incorporate these dimensions into its planning, decision-making, and management process. Chapter 4 will move beyond this general perspective to present some practical approaches for setting performance targets and developing operating specifications for the overall program and individual activities.

CHAPTER 4: Defining Performance Targets and Operating Specifications

Quality results begin with quality expectations. Chapter 3 discussed some of the considerations and approaches for incorporating qualitative dimensions into the overall program design process. To have an operational impact, however, performance expectations -quantitative and qualitative-should be refined down to the level at which services are provided: individual activities and program components. The focus of this chapter is a discussion of activity level planning and the work statement as a primary management tool for communicating what is expected in the implementation of individual activities and program components.

A. Overview Of The Activity Planning Process

The first step in developing activity or component plans is to determine how the overall program design will be organized into whole, independent operating components; the options are:

- Organized around major activities (e.g., basic skill remediation, classroom skills training, OJT, work experience);
- Organized around a mix of activities and services that is designed to be provided as an integrated unit to the same target groups or to individual participants (e.g., exemplary youth programs, combined remedial education-classroom skills training) with similar patterns of employment barriers.

The criterion for determining component organization should be: **how does the SDA want to establish performance accountability for program implementation**, whether the component is to be operated internally or through a contracted service provider.

After this organizational framework has been defined, activity planning proceeds through three levels of decision-making, as illustrated in Exhibit 6:

> **In Level 1,** basic quantitative performance expectations regarding outcomes are established. These decisions will be strongly in-

fluenced by the performance standards which will dictate, for the SDA, minimally acceptable performance levels for the applicable standards indicators. For activity planning, performance expectations must be at least set for the standards outcome indicators that are relevant to each activity/component; i.e., the adult indicators for all adult-focused activities, the youth indicators for youth-focused activities. At the activity level, performance expectations should be adjusted from the SDA levels to reflect two considerations:

- Activity performance targets should reflect the characteristics and barriers profile of the participants to be served in each activity. In general, if an activity (e.g., coupled remedial education-classroom skills training) focuses on more extensive and intensive employability barriers than another activity (e.g., OJT), then the expected performance on outcome measures (e.g., entered employment rate) should be lower.
- Activity performance targets should also incorporate a "buffer zone" above the SDA standards to create a safety factor for the SDA if the activity performance targets are not achieved. For example, if the SDA's performance standard for the adult entered employment rate is 70%, then the performance target for any activity should be at least 75%.

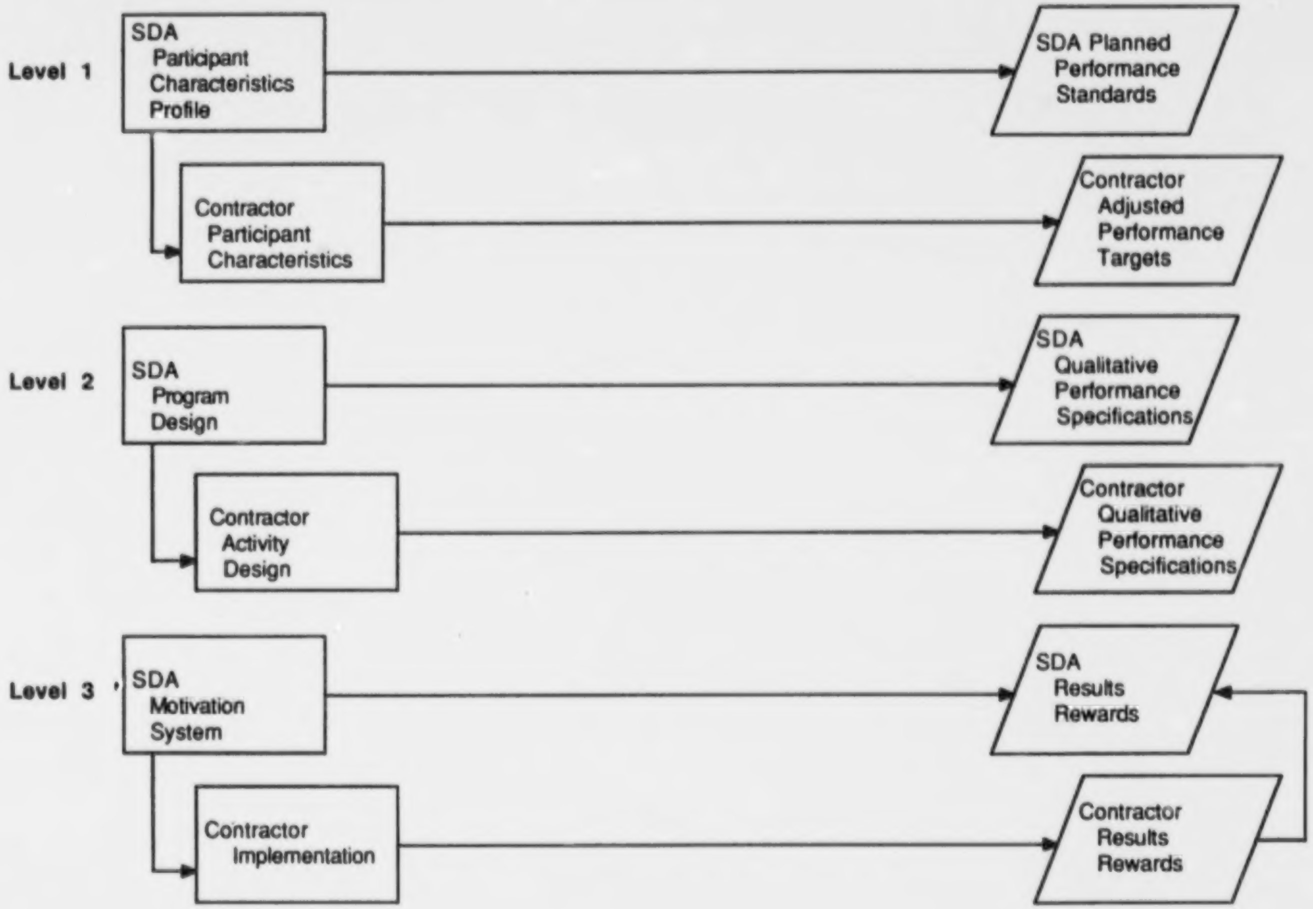
These two considerations can have an interactive effect in establishing the performance target for a specific activity such as OJT. OJT, which is highly placement-oriented and tends to serve participants with fewer employability deficiencies, should have an entered employment rate well above the SDA standard, e.g., 85-90%.

> **In Level 2,** the qualitative program design decisions made during the planning process are translated into qualitative performance standards for each program component. That is,

- specific employment barriers to be addressed and competencies to be developed;
- targeted occupations, employment sectors, wage levels;
- activity and service needs of specific target groups; and
- special training and service delivery capabilities such as equipment, facilities, staff qualifications.

Again, at this level it is important to relate these qualitative standards to the specific program components for which they are relevant. For example, special training capabilities such as facilities, etc., are not relevant to an OJT component.

Exhibit 6
Setting Performance Expectations


Level 1
SDA Participant Characteristics Profile
SDA Planned Performance Standards
Contractor Participant Characteristics
Contractor Adjusted Performance Targets
Level 2
SDA Program Design
SDA Qualitative Performance Specifications
Contractor Activity Design
Contractor Qualitative Performance Specifications
Level 3
SDA Motivation System
SDA Results Rewards
Contractor Implementation
Contractor Results Rewards

> **In Level 3,** the SDA goes beyond the contracting process to establish a system of performance-based rewards that motivate service providers to improve performance, both quantitatively and qualitatively, beyond minimally acceptable levels. The reward system should not be "open-ended," in that there should be a limit on the amount of rewards that can be achieved; and the incentives should be structured so that a balanced relationship is maintained between quantitative and qualitative dimensions of performance. For example, continuous reductions in "cost per" performance levels do not necessarily reflect improving performance; a "cost per" floor should be established such that reductions below this level would not qualify for additional incentives. Similarly, increases in performance levels on outcome measures, such as the entered employment rate, are not improvements if they are accompanied by reductions in the percentage of participants who have significant and substantial employment barriers. (The considerations involved in structuring the system of incentives are more fully discussed in Chapter 5.)

Through this three-level decision process, the SDA will develop "customized" expectations, standards, and motivators for each program component, consistent with the planned contribution of the component to achieving the overall goals and objectives defined in the SDA's job training plan. For management purposes the expectations and standards should be formalized into component work statements.

B. Developing Component Work Statements

Work statements are a valuable planning and management tool for "customizing" the design of individual program activities and components. A typical work statement outline includes the following information:

» a description of the participant activities and services to be provided;

» an identification and description of the responsibilities of the component regarding functions such as participant recruitment, eligibility certification, assessment and selection, placement and support services;

» a description of the target groups to be served and the criteria (e.g., barriers, minimum competencies) for acceptance and entry into the component;

» an identification and description of acceptable outcomes and the criteria (e.g., competencies attained, job placement) for completion or positive termination from the component;

» a description of applicable quantitative performance targets and standards; and

» a description of applicable qualitative standards (e.g., minimum service levels to specific groups, minimum wage for acceptable job placement, competencies to be addressed in training curriculum).

In addition, the work statement should describe all applicable administrative requirements.

Because the process for developing work statements provides some excellent insights into the linkage between program design decisions and resultant performance expectations, the remainder of this chapter will present a 5-step process for evolving a work statement, using information on a hypothetical Service Delivery Area, the Ozarka SDA. For the purposes of this illustration we will focus on the adult classroom skills training activity. The same process can be applied to any adult- or youth-focused activity.

> STEP 1: Define Input-Output Specifications

The first step in developing the work statement is to define for the activity: **Who will be targeted for service? What outcomes will be achieved? What occupations and employment sectors will be targeted?** From these decisions, the scope and objectives of the activity should establish a linkage between the barriers of the targeted groups and the requirements of the targeted outcomes and occupations. For example, classroom skills training should be focused on groups and individuals with more extensive and significant employment barriers (e.g., limited or no prior work history, limited or deficient basic and job skills). At the same time, given the additional investments in remedial and skills training, higher wages at placement might be expected.

In making these linkage decisions, the SDA begins the process of saying that all activities are not the same, and that each activity is expected to make a **unique** contribution to achieving the overall program results. The input-output specifications for Ozarka's classroom skills training activity are presented in Exhibit 7.

> STEP 2: Establish Performance Objectives and Standards for the Activity

The second step is to set quantitative performance targets for each activity or program component. As previously described, the applicable indicators will be determined by the objectives of the activity and the input-output specifications defined in Step 1. In this step, the fact that each activity makes a unique contribution to achieving overall program results is translated into measurable, quantitative terms. Objec-

EXHIBIT 7
Input - Output Specifications

SDA - Adult Program	Classroom Skills Training
I. Participant Characteristics Profile	I. Participant Characteristics Profile
- % Female = 55.0	- % Female = 67.0
- % Black = 31.0	- % Black = 40.0
- % Hispanic = 39.0	- % Hispanic = 40.0
- % Dropout = 29.0	- % Dropout = 20.0
- % Welfare Recipient = 17.0	- % Welfare Recipient = 15.0
II. Employment Barriers To Be Addressed	II. Employment Barriers To Be Addressed
Assorted	- No job relevant skills - Limited work experience - Need for income above minimum wage level
III. Outcomes	III. Outcomes
Minimum Acceptable Wage For Placement =	Minimum Acceptable Wage For Placement =
- $4.25 with fringe benefits - $4.50 without fringe benefits	- $4.65 with fringe benefits including medical

tives should be established, at a minimum, for the following factors:

- applicable outcome indicators such as entered employment rate, cost per entered employment, average wage at placement, follow-up placement rate, etc.;
- appropriate measures of participant service such as minimum and maximum enrollment levels, minimum and average duration of participation; and
- controls on participant flow such as schedules for intake/enrollment, training cycles, maximum enrollment levels at given points in time, etc.

By setting performance targets on these factors, the SDA is establishing expectations regarding not only outcomes but also the quality of the process for serving participants. That is, it is establishing controls to prevent over enrollments in relation to capacity, unnecessary "holding" of participants between program components, etc.

As previously described, the appropriate indicators, controls, and performance targets will vary by activity or program component. Where intercomponent coordination arrangements are involved, controls on participant flow schedules become very important. For outcome indicators, the SDA should establish both expected performance levels and minimally acceptable performance levels.

Performance targets and standards for Ozarka's classroom skills training activity are presented in Exhibit 8.

EXHIBIT 8

Performance Objectives: Classroom Skills Training

Indicator	SDA Standard	Perf. Target	Min. Perf.
Entered Employment Rate	65.0	75.0	70.0
Welfare Entered Empl. Rate	50.0	65.0	60.0
Cost Per Entered Employ.	$ 4,250	$ 4,700	$ 4,900
Average Wage at Placement	$ 4.50	$ 4.80	$ 4.65 (with benefits)
Follow-up Placement Rate	62.0	75.0	68.0
Follow-up Weeks Worked	8	12	10

> STEP 3: Establish Paricipant Assignment Criteria

The third step, often overlooked in the acitivty design process, is to establish minimum and maximum criteria for entry into each activity. The criteria can relate to such factors as:

- functional literacy levels;

- physical abilities such as manual dexterity;
- prior work experience; and
- attainment of specific work-related competencies.

These criteria are not intended to screen participants on the basis of target group priorities; rather, they are intended to screen participants on the basis of individual performance factors that are necessary for the participant to get the most out of a specific activity, given its design and objectives. the underlying principle is that a participant can be under-qualified or over-qualified for an activity; in either case, the participant's time and the program's money are being wasted.

For the SDA, participant assignment standards help ensure that those "most in need and who can benefit" from a particular activity or set of activities are, in fact, those who are being served. For the service provider, participant assignment standards help ensure that appropriate referrals are being made to the activity. When appropriate referrals are made, the ability to achieve positive short- and long-term results is increased. Examples of participant assignment standards for the Ozarka SDA's classroom training activity are presented in Exhibit 9.

Exhibit 9
Participant Assignment Standards: Occupational Classroom Skills Training

A. Minimum Qualifications for Entry

- must have a functional reading level of 9th grade or above
- for data entry and shipping and receiving clerks, must have a functional math skills level of 8th grade or above
- for data entry clerk and machinist, must have two-handed manual dexterity required to perform tasks of these jobs
- for licensed practical nurse, must have no prior record of drug use

B. Maximum Qualifications for Entry

- must not have prior work experience in occupation of training
- must not have a functional reading or math level exceeding 12 years
- must not have cumulative work experience exceeding 4 years

> STEP 4: Define Operational Requirements

In addition to prescribing input-output specifications, the work statement should define requirements regarding operational policies, procedures, and other elements that are considered important to the success of the component. Examples of these requirements include:

- methods, testing instruments, and information to be collected for participant assessment;
- policies to be followed in participant selection;
- specific criteria for acceptable training and worksites, such as types of training equipment and instructional materials, and teacher/supervisor:participant ratios;
- messages/themes to be used in participant and employer marketing efforts; and
- policies and procedures for verifying participant eligibility and job placement.

These requirements are important in ensuring that the program has both quality outcomes and quality process. In deciding whether to establish operational requirements, the SDA must determine how much "process" leeway it wants to give service providers and whether the service provider is in a stronger, more knowledgeable position to determine the requirements for quality process. However, **it is erroneous to assume that performance-based contracting prohibits the SDA from expressing and prescribing process requirements**. As suggested in Chapter 1, the ability to achieve higher return-on-investments over the long-run will be directly influenced by improvements in program designs and service provider capabilities. Many of these improvements will result from process enhancements.

> STEP 5: Define Administrative Requirements

A final, often overlooked step in the activity design process is determining what types of administrative requirements and procedures need to be reflected in the service provider's operation, or need to be implemented by the SDA in order to effectively manage the activity. These requirements fall into the following categories:

- » financial management;
- » information collection and performance reporting;
- » monitoring;
- » organization and staffing; and
- » required coordination arrangements.

Financial management and reporting requirements will probably be standard across all activities. However, monitoring, coordination, and organization and staffing requirements can and should be tailored to the objectives and specifications of individual activities and service providers. For example:

- Monitoring of a newer, riskier activity should be more comprehensive and frequent than for a more established activity. However, if innovation in the activity is important, the monitoring procedures should not be constraining. If the participant characteristics profile is an important performance objective for the activity, then the monitoring procedures should reflect an appropriate focus on this performance dimension.

- Coordination arrangements may or may not be relevant to the effective operation of the SDA's delivery system. Where service providers have an independent responsibility for recruitment, selection, training and placement of participants, coordination arrangements are not relevant. Where the design of the delivery system establishes a more comprehensive, interactive, cross-referral relationship among service providers, the coordination arrangements become relevant, and should be specified in the work statement.

- Organization and staffing specifications may or may not be important to the success of the activity. In classroom training, instructor qualifications and experience often make the difference between success and failure. For other activities, differences in staff capabilities may not have such a direct and critical impact on performance. In deciding whether to define organization and staffing specifications, the SDA must determine if it is in a stronger position than prospective service providers to define valid qualifications.

Some people have viewed one of the major advantages of performance-based contracts to be a streamlining of administrative requirements and procedures. However, performance-based contracts are **not** intended to create a laissez-faire approach to management. Where procedural and process requirements, as well as results, are important, they should be specified in the work statement and ultimately reviewed through the monitoring process.

To summarize, work statements are a critical, valuable tool for refining the program design into performance targets and operating specifications that will facilitate the achievement of the SDA's goals - both quantitatively and qualitatively. Development of work statements will help the SDA to: (1) clearly define the full scope of performance dimensions for the activities it is planning to operate; (2) clearly and completely communicate performance expectations to prospective service providers; and (3) exercise more control over the quantitative and qualitative program results that are achieved. A sample work statement for the classroom skills training activity of the

Ozarka SDA, excluding the administrative requirements, is presented in Exhibit 10.

Exhibit 10
Work Statement: Occupational Classroom Skills Training

I. COMPONENT DESCRIPTION

The purpose of this activity is to provide skills-based instruction and training in the following occupational areas:

- Data entry clerk
- Licensed practical nurse
- Machinist
- Shipping and receiving clerk

The instruction and training will be supplemented, on an as-needed basis, with individualized remedial education and counseling to ensure that each participant can keep pace with and satisfactorily complete the training module at the end of the training, which focuses on the development and application of job search skills.

II. PARTICIPANT SERVICE OBJECTIVES

The composition of total enrollments in the activity must achieve the following minimums:

– % Female = 67%
– % Black = 40%
– % Hispanic = 40%
– % Dropout = 20%
– % Welfare recipient = 15%

This activity is designed to serve participants with the following employment barriers:

» no job relevant skills;

» limited work experience;

» need for income above the minimum wage level.

III. PARTICIPANT ASSIGNMENT CRITERIA

A. Minimum Qualifications For Entry

- must have a functional reading level of 9th grade or above
- for data entry and shipping and receiving clerks, must have a functional math skills level of 8th grade or above
- for data entry clerk and machinist, must have two-handed manual dexterity required to perform tasks of these jobs
- for licensed practical nurse, must have no prior record of drug use

B. Maximum Qualifications For Entry

- must not have prior work experience in occupation of training

- must not have a functional reading or math level exceeding 12 years
- must not have cumulative prior work experience exceeding 4 years

IV. ACTIVITY OUTCOMES

The expected outcome of this activity is job placement. All placements must be in jobs which are occupationally related to the occupation in which the participant is trained; occupational relatedness will be defined as possessing the same first 3 digits of the D.O.T. classification.

In addition, all placements must pay a minimum wage of $4.25 per hour with a fringe benefit package that includes medical coverage. Any job placements not satisfying these criteria will not be credited for compensation purposes.

V. PERFORMANCE OBJECTIVES

Minimum and expected levels of performance in this activity are as follows:

	Minimum	Expected
Adult entered employ rate	70%	75%
Welfare entered employ rate	60%	65%
Cost per enter employment	$4,900 (max. cost)	$4,700
Average wage at placement	$4.65	$4.80

Each training class must have a minimum enrollment of 20 participants and a maximum enrollment of 30.

VI. OPERATIONAL REQUIREMENTS

A. Recruitment

The service provider will notify the SDA's Intake Center 30 days in advance of start-up of any training class for the purpose of referrals. The responsibility for participant selection and minimum enrollment levels remains with the service provider.

B. Eligibility

The service provider shall refer all applicants to the Chasem Creek Community Services Department for eligibility verification. The service provider shall not enroll any individual who has not been certified as eligible by Chasem Creek CSD.

C. Support Services

The service provider shall coordinate as necessary with other community agencies for the provision of supportive services. Payment of costs for supportive services is the responsibility of the service provider.

D. Placement

The service provider shall refer all participants not placed within 45 days after training completion to the SDA administrative entity. The service provider will not receive any placement credit for placements made by the SDA.

C. Conclusions

In an era of performance-based contracting and quantitatively-derived standards of performance and rewards, the value of detailed activity planning and the effort required to develop work statements can be questioned. The value is suggested in recent findings of the U.S.DOL/ETA regarding deficiencies in performance-based contracting procedures. These findings are producing some serious discussions regarding a "tightening" of the requirements for using performance-based contracts, at least in terms of what costs can be charged as training costs. The solution certainly has policy implications, but the fundamental cause of the identified deficiencies is sloppy procurement practices; and sloppy procurement begins with unclear and incomplete expectations.

More importantly, the value of work statements is capsulized in the performance accountability responsibilities that are implicit in the Job Training Partnership Act. The Private Industry Council and the staff of the administrative entity are not only responsible for using the available funds effectively and efficiently; they are also responsible for ensuring the responsiveness of the local job training program to the needs of the target populations and of area employers. Fulfilling these responsibilities requires the SDA to exercise direction and control over service provider plans and accomplishments.

CHAPTER 5: Motivating Service Providers to Meet All Performance Expectations

The preceding chapters have emphasized the importance of defining clear expectations on all significant performance dimensions of the local job training program. As stated in Chapter 2, good performance begins with good, clear, complete expectations. However, to requote Chapter 2:

"Expectations without inspections are meaningless;inspections without expectations are not fair; expectations and inspections without compensations are not motivating."

In this chapter, we shift the focus to some of the considerations in structuring a system of compensations and inspections that will motivate the achievement of the qualitative and quantitative performance expectations that have been established.

A. Compensating Performance

Motivating performance is primarily a function of compensating performance in accordance with agreed-upon expectations. In spite of the best of intentions, it is a natural law of behavior that people will pursue the path of least resistance to accomplishing a given objective. Although we have established some limits on behavioral prerogatives by defining input-output specifications, participant assignment standards, maximum enrollment and minimum cost levels, etc., we must also acknowledge in our compensation structure the greater difficulty and risk factors inherent in pursuing quality results.

In performance-based contracts, the compensation structure is defined by two variables: (1) the total fixed unit payment for full performance; (2) the composition of interim performance/payment benchmarks.

> STEP 1: Determining the Fixed Unit Payment

The first step is to determine what the fixed unit payment should be for attainment of the desired outcome from the activity. For adult participants, the outcome will be a training-related job placement. For youth participants, there is a range of possible outcomes, thus complicating this step somewhat. However, even for adult participants, all placements are not the same. There will be differences in the number of employment barriers addressed, the intensity of services provided, and the quality of the job in which the placement is made. Adjustments need to be made in the fixed unit payment to account for these differences.

Although there is currently no hard and fast methodology for determining what the fixed unit payment for a given outcome should be, the U.S. Department of Labor, in its policy issuances, has discussed the concept of "reasonable cost." According to the U.S.DOL, "reasonable cost" will be determined by the structure of the proposed training package which will be defined by factors such as hours or number of weeks of training, number of total participants, etc. However, there are additional intuitive factors that should be considered in deriving fixed unit payments for specific activities and components.

CHARACTERISTICS OF TARGET GROUPS TO BE SERVED

To the extent that an activity/component focuses on serving target groups that are acknowledged by the performance standards model to increase the cost per entered employment/cost per positive termination (e.g., welfare recipients), the fixed unit payment for achieving a positive outcome in this activity/component should be higher than in similar activities/components which do not focus on such target group(s).

EMPLOYMENT BARRIERS TO BE ADDRESSED

To the extent than an activity/component is designed to address multiple employment barriers (e.g., basic reading skills, limited work experience, work maturity behaviors) and/or intensive deficiencies regarding employment requirements (e.g., less than 6th grade reading comprehension, no job specific skills), the fixed unit payment should be higher than for activities addressing a more limited or less intensive range of employment barriers.

SCOPE, INTENSITY AND DURATION OF SERVICES TO BE PROVIDED

The mirror image of scope and intensity of barriers to be addressed is the scope, intensity, and duration of services to be provided within an activity/component. Coupled activities such as remedial education-classroom skills training should have higher fixed unit costs than non-coupled activities. Components with support services should, in general, have higher unit costs than those which do not. Longer-duration job skills training activities should have higher unit costs than shorter-duration activities.

QUALITY OF THE JOB IN WHICH TRAINING AND PLACEMENT IS BEING MADE

Other factors being relatively equal, training in higher quality jobs (i.e., as defined by wages, growth and upward mobility opportunities) will tend to be of longer duration and/or intensity and, thus, should reflect a higher fixed unit cost.

These factors do not define what the fixed unit payment should be. Inevitably, that will be the result of a negotiations process. But these factors do define differences in the level of investment required to achieve a positive outcome and, consequently, should correlate with differences in the fixed unit payments for different activities.

> STEP 2: Adjusting Unit Payments to Reflect Qualitative Differences

The second step is to establish a structure which adjusts the unit payment to reflect qualitative differences in specific activity inputs (i.e., the intensity of employment barriers for individual participants) and activity outputs (i.e., the features and benefits of individual job placements).

One approach to deriving adjustments in the total fixed unit payment is to develop a point-scale reflecting differences in the range or intensity of barriers addressed, the quality of job placements, etc. To illustrate, let's return to the Ozarka classroom skills training example. One of the barriers to be addressed was limited work experience which, of course, can be defined in several ways. To acknowledge the increased difficulty of serving participants with more limited work experience, we can define a range of scaled definitions for limited work experience; e.g.:

- **Recent, Prior** (= more than 13 weeks within the previous six months);
- **Extensive, Not Recent** (= more than 1 year but none within the last six months);
- **Limited, Recent** (= less than 13 weeks within the previous six months);
- **Limited, Not Recent** (= less than 13 weeks and none within the previous six months);
- **No prior work experience**.

The next step is to assign a dollar value adjustment to each scaled definition. These adjustments will be additions to, or subtractions from, the fixed unit payment level that has been established for the activity outcome in Step 1. The degree or amount of the adjustment will need to be sufficient for the service provider to be motivated to assume the higher risks and costs of serving participants with more extensive or intensive employment barriers.

Continuing with the classroom skills training example, let's assume that a fixed unit payment (= cost per entered employment) of $4,000 has been established for one of the skill areas in this activity. One set of adjustments, based on the work experience barrier, could be made as follows:

- **Recent, Prior =** - $ 100
- **Extensive, Not Recent =** - $ 50
- **Limited, Recent =** 0
- **Limited, Not Recent =** + $ 50
- **No Prior =** + $ 100

In this example, the unit payment for training and placing a participant with recent, prior work experience would be **$3,900 (=$4,000 - $100)**, and for a participant with no prior work experience the payment would be **$4,100 (= $4,000 + $100).**

This same process can be applied to each significant barrier which is to be addressed in the activity. For example, the adjusted fixed unit payment might be as high as $4300 for a participant with no prior work experience and three or more dependents, or as low as $3700 for a participant with recent, prior work experience and no dependents. A summary of the possible fixed unit payments using these two sets of barriers is presented in Exhibit 11.

A final, additional adjustment can be made regarding the quality of job placements. Following the same approach of providing scaled definitions for job placement, we might establish the following scale:

Wage at $4.00 - 4.49/hour = - $50

Wage at $4.50 - 4.74/hour = - $25

Wage at $4.75 - 5.24/hour = 0

Wage at $5.25 - 5.74/hour = + $50

Wage at $5.75 +/hour = + $75

This adjustment will really reflect a penalty/reward based on the quality of the job actually attained. It is independent of the derivation of the fixed unit payment based on participant employment barriers. Nevertheless, the SDA must be careful in determining the amount of the adjustments for the quality of job placements in relation to the amount of the adjustments for the extent and intensity of participant barriers. The guiding principle is that the service provider should be able to earn more by training and placing participants with more extensive/intensive barriers than for making higher quality placements, because if the reverse relationship exists the service provider will focus on serving participants who can be more easily placed in higher wage jobs.

> STEP 3: Establishing Performance and Payment Benchmarks

The third step is to determine what structure of interim performance and payment benchmarks will be used. The recent policy guidance from U.S.DOL has recognized the practical necessity of interim payment benchmarks in performance-based contracting unless the

Exhibit 11

ADJUSTMENTS TO FIXED UNIT PAYMENT BASED ON PARTICIPANT BARRIERS

Income Need Work Experience	Secondary Wage Earner No Dependents (- $200)	Primary Wage Earner No Dependents (- $100)	Primary Wage Earner With Spouse (0)	Primary Wage Earner With Two Dependents (+ $100)	Primary Wage Earner With 3 + Dependents (+ $200)
- Recent, Prior (- $100)	$3,700 ($4,000-$300)	$3,800	$3,900	$4,000	$4,100
- Extensive, Not Recent (- $50)	$3,750	$3,850	$3,950	$4,050	$4,150
- Limited, Recent (0)	$3,800	$3,900	$4,000	$4,100	$4,200
- Limited, Not Recent (+ $50)	$3,850	$3,950	$4,050	$4,150	$4,250
- No Prior (+$100)	$3,900	$4,000	$4,100	$4,200	$4,300

SDA is going to operate low cost, short duration activities - which is not consistent with the overall purpose of the Act.

This step entails determining what types of performance/ payment benchmarks will be used (e.g., training midpoint, training completion, job placement, retention), and what the percentage allocation of the total unit payment to each benchmark will be. JTPA implementation appears to be characterized by some extremes in the approach taken in this step. On the one hand, some SDAs have allocated up to 90% of the total unit payment prior to placement, thus offering minimal incentives to the service provider to effectively **complete** the full training, placement and retention process. At the same time, a common practice among other SDAs has been to allocate the majority, and sometimes all, of the total payment to the placement and retention benchmarks. Although motivating, this approach also produces some undesirable results; specifically:

- An inadequate effort is placed on focused recruiting, which entails additional expenses, because the payment for enrollment is insufficient to cover the costs of this effort. The emphasis is on getting enough eligible participants to fill the class.

- The duration of training activities is compressed to accelerate the frequency of payments. This generally means that significant employment barriers will not be adequately addressed or overcome through the activity.

- A "cattle auction" approach is used in the placement process, as providers, anxious to earn their payments, try to place as many participants as quickly as possible after completion of the training.

These actions do not indicate malicious or greedy behavior by service providers. They reflect the real difficulties of cashflow management created by the reality of payments occurring well after the work was performed and expenses were incurred.

Consequently, payment benchmarks need to be established according to the objectives, duration, and the input-output specifications of the activity. For example:

- If the characteristics or target group profile of participants is an important qualitative performance factor, then a relatively larger percentage of the total payment should be allocated to earlier benchmarks, to encourage and support the ability of the service provider to make the additional up-front investments required to get these "harder-to-attract-and-serve" participants into the program. Obviously, payments should be contingent on enrolled participants having the required characteristics and barriers profile.

- If the activity is of longer duration and includes intensive or remediation services, multiple interim benchmarks (e.g., training midpoints) should be established. More intensive, longer-duration training entails additional costs. For quality skills training, investments have to be made in instructional materials, equipment and other facilities. To the extent that newer, customized, classroom-based training is being encouraged, these investments have to be made at the beginning of the training cycle. It is unreasonable to expect service providers to carry these costs plus staff costs over a period of 3-6 months or even longer. The benchmarks should be defined in a manner that reflects substantive skills competency attainment vs. length of time in training.
- If job placements with specific qualitative dimensions (e.g., wages, targeted sectors) are an important objective, then more of the total payment should be retained for this benchmark.

The guiding principle is that the structure of payment benchmarks should mirror the objectives and design of the program and individual activities.

> STEP 4: Adjust the Fixed Unit Payments to Reflect Risk Differences

One final consideration in establishing the compensation structure is to make adjustments in fixed unit payments reflect differences in the level of certainty associated with attaining the planned outcomes. In Chapter 1, we discussed the importance of making investments in "new and refined" program activities and service-providers. Yet many SDAs experience substantial difficulties in successfully soliciting proposals for innovative programs or projects. A major contributing reason for this lack of success is the failure of SDAs to acknowledge the higher risk levels associated with implementing innovative projects under performance-based contracts. In effect, the SDA expects innovative projects for the same performance levels and the same unit costs as more established, proven activities. It is unrealistic to expect that organizations will undertake higher risk activities when they can earn the same amount of money with a much higher probability of success (i.e., with established, "status quo" projects). Therefore, the SDA should be willing to pay more - on a unit basis - for new, refined, innovative projects - other performance dimensions being equal - and, thus, establish a balance in the relative risks being assumed by the SDA and by the service provider.

B. Inspecting Performance

The basic requirements for monitoring performance-based contracts provide a good opportunity for assessing the qualitative effectiveness of program operations. In monitoring performance-based contracts, we not only have to review summary reports of program or activity results, we have to review source documents that verify the attainment of performance/payment benchmarks by individual participants. These documents can include application and enrollment forms, training test results, and placement verification forms. When these requirements are combined with the requirement that an Employability Development Plan (EDP) must be prepared on each participant, we have a fairly strong base of information on which to assess the effectiveness of the overall program and individual service providers in meeting the input-output specifications that were defined in the planning process.

INSPECTING PROGRAM INPUTS

As part of the process of tracking actual performance in relation to performance standards, the SDA should be monitoring the characteristics profile of participants and terminations because the end-of-year profile of terminations will determine what the applicable performance standards for the SDA are. The prudent SDA will, as part of this process, monitor the characteristics profile of participants served by each of its service providers.

However, as previously stated, demographic characteristics are an insufficient measure of the population(s) most in need of assistance, and in the plan development process input specifications were developed on the basis of extent and intensity of employment barriers. The monitoring procedures should be designed such that a selective review of participant EDPs is completed. The purpose of this review is not only to ensure that EDPs are being prepared, but also to identify the types of employment barriers that are characterizing the participants who are being enrolled. This review will be necessary to verify that fixed unit payment adjustments based on individual participant barriers are consistent with information included in assessment results in the EDPs.

EDP reviews should be supplemented with on-site interviews with participants and project staff. These interviews should be planned and preceded by a review of available documentation on the participants to be interviewed. Questions should be posed to both the individual participant and appropriate staff that verify the accuracy of barriers indicated on the EDP and of performance results that have been reported.

Obviously this procedure can be very time-consuming and quickly get beyond the monitoring resources of the SDA. The key is to be selective, focused and organized in the review and investigation process. If problems are indicated, a more complete review can be undertaken.

INSPECTING PROGRAM OUTPUTS

The same process can be applied to reviewing and assessing the quality and effectiveness of program outcomes. A review of placement verifications should be an integral part of any monitoring procedure. On the placement verification form, the SDA should be able to ascertain the type of job and the wage at placement. These are two qualitative indicators that can be compared with performance expectations. The placement verification information should be used to confirm the accuracy of any adjustments to the fixed unit payment based on the quality of individual job placements.

Placement information can also be compared with planned participant outcomes, as defined on the EDP, for a select number of participants. This analysis can provide some insights regarding the effectiveness of the program in achieving outcomes for participants that are consistent with needs and expectations.

This approach also can and should be used in evaluating the effectiveness of non-placement outcomes, such as competency attainment. Again, the document review should be supplemented by interviews with participants, project staff, and employers.

INSPECTING PROGRAM PROCESS

If the SDA has established operational requirements for the program and/or individual components, these should be reviewed as part of the monitoring procedure. Again, documentation related to the attainment of performance benchmarks should be reviewed both for completeness and for what the information indicates about the quality of program implementation. In terms of program process, the monitoring procedure should include selective observations of classroom and worksite activities, and interviews with both participants and staff.

It is not the purpose of this guide to focus on inspection or monitoring procedures. However, to the extent that the SDA incorporates qualitative performance dimensions into its expectations, and establishes payment differentials based on qualitative differences, the review of quality-based performance factors must be an integral part of the SDA's monitoring process and procedures.

C. Conclusions

Implementing the type of compensation and inspection approach outlined in this chapter is not an easy process. It requires the ability and willingness to isolate and review data on an individual participant and job placement/program outcome basis. Fortunately, the basic approach is already being used in the management of performance-based contracts. What is required is to go beyond a general review of source documents used to support performance payments, and to identify some of the qualitative differences in program inputs and outputs that are reflected in the information included in those documents.

Some illustrative examples of alternative compensation structures, as described in this chapter, are presented in Appendix A.

CHAPTER 6: Achieving Quality Results

This guide began by posing the question:

> "In an era of performance-driven systems management with quantitatively derived rewards and sanctions, how can an appropriate focus on qualitative performance dimensions be established?"

Through this guide, we have tried to suggest that the solution to this challenge is one primarily of management, and not significant policy overhaul. Yet, the solution is multi-dimensional, requiring a combination of raised expectations, focused and thorough inspections, and motivating, compensations.

Fundamental to the approach outlined in this guide is that improved, higher quality performance can not be achieved unless it is first of all wanted and expected. Particularly with the 1988 refinements to the performance standards model regarding follow-up indicators and maintenance of unit cost levels, there is sufficient incentive and flexibility within the model to produce both good quantitative and qualitative results. Local program managers and decision makers must be willing to raise their sights and to expand the scope of performance expectations which they establish through the planning and program design process (as discussed in Chapter 3).

Nevertheless, higher expectations are not a sufficient condition to produce improved performance. As discussed in Chapter 2, effective performance results from an integrated set of management decisions and actions related to program planning, contracting, performance monitoring and corrective action, and rewards and sanctions. Poor or erratic performance occurs when the decisions and actions in each of these areas are not in synchronization with each other.

Performance-based contracting, in conjunction with the performance standards, has provided a significant boost in increasing the quantitative outcomes and results of job training programs. However, no contracting process, including performance-based contracting, can be successful without appropriate parameters on all of the key dimensions of performance. Performance-based contracting is designed to provide service providers with substantial flexibility and discretion in determining the methods used to obtain results. PBC is not designed to provide that flexibility and discretion in determining the **inputs** and **outputs**, which are qualitative definitions of the results to be achieved. The purpose of Chapters 3 and 4 was to identify the decision areas and describe a process for ensuring that appropriate parameters are established for service provider actions.

Finally, good performance occurs when appropriate motivators are in place and used. As stated throughout the guide, good expectations and contracts are relatively meaningless without an appropriate structure of inspections and compensations. The purpose of Chapter 5 was to provide some suggestions for motivating service provider behavior in support of the performance expectations which have been established.

The long-term mission of the Job Training Partnership Act requires balanced attention to both the quantitative and qualitative dimensions of program performance. Quality without quantity does not have credibility in the federal budgeting process, nor in the political processes of most localities. The performance standards are designed to ensure that appropriate levels of quantitative results are achieved. Yet, quantity without quality will not fulfill the general mandate of the law, nor the return-on-investment definition implicit in the purpose of JTPA. It is easy to achieve a higher return-on-investment by continually reducing the investment base, or in the job training context continually lowering the participant unit cost. But this is not a growth strategy, nor is it one that represents an investment in human capital. The alternative is to expand the investment base, while at the same time producing outcomes that represent **ever-increasing improvements** in the pre-program employment, employability and income conditions of the people being served. This guide has been developed to provide some useful suggestions for achieving that purpose.

APPENDIX A

Alternative Approaches for Adjusting the Fixed Unit Payment

TABLE 1

Adjustments to Fixed Unit Payment Based on Participant Barriers

(Hypothetical - for illustration purposes only)

Table 1
ADJUSTMENTS TO FIXED UNIT PAYMENT BASED ON PARTICIPANT BARRIERS

Income Need Work Experience	Secondary Wage Earner No Dependents (- $200)	Primary Wage Earner No Dependents (- $100)	Primary Wage Earner With Spouse (0)	Primary Wage Earner With Two Dependents (+ $100)	Primary Wage Earner With 3 + Dependents (+ $200)
- Recent, Prior (- $100)	$3,700 ($4,000-$300)	$3,800	$3,900	$4,000	$4,100
- Extensive, Not Recent (- $50)	$3,750	$3,850	$3,950	$4,050	$4,150
- Limited, Recent (0)	$3,800	$3,900	$4,000	$4,100	$4,200
- Limited, Not Recent (+ $50)	$3,850	$3,950	$4,050	$4,150	$4,250
- No Prior (+$100)	$3,900	$4,000	$4,100	$4,200	$4,300

TABLE 2

Impact of Activity Design Variables on Structure of Payment Benchmarks

(Hypothetical - for illustration purposes only)

Table 2

ADJUSTMENTS TO PLACEMENT AND RETENTION PAYMENTS BASED ON CHARACTERISTICS OF JOB PLACEMENT

Placement/Retention Char.	Placement *					Retention *					
Barrier Adjustment Payment	$4.00-4.49 (-$100)	$4.50-4.74 (-$50)	$4.75-5.24 (0)	$5.25-5.74 (+$50)	$5.75+ (+$100)	Not Retained	<Place Wage (-$100)	≥Place Wage (+$50)	Worked 5-8Wks (-$100)	Worked 9-11Wks (0)	Worked ≥ 12 Wks (+$100)
$3,800	$1,420	$1,470	$1,520	$1,570	$1,620	0	$470	$620	$470	$570	$670
$3,900	$1,460	$1,510	$1,560	$1,610	$1,660	0	$485	$635	$485	$585	$ 685
$4,000	$1,500	$1,550	$1,600	$1,650	$1,700	0	$500	$650	$500	$600	$700
$4,100	$1,540	$1,590	$1,640	$1,690	$1,740	0	$515	$665	$515	$615	$715
$4,200	$1,580	$1,630	$1,680	$1,730	$1,780	0	$530	$680	$530	$630	$730

* Assumes 40% Of Payment At Placement and 15% At Retention.

TABLE 3

Adjustments to Placement and Retention Benchmarks Based on Characteristics of Job Placement

(Hypothetical - for illustration purposes only)

Table 3
IMPACT OF ACTIVITY DESIGN VARIABLES ON STRUCTURE OF PAYMENT BENCHMARKS-ILLUSTRATION

	Benchmark	% Allocation of Total Fixed Unit Payment					
	Activity Design	Enrollment	Training Objectives 1	Training Objectives 2	Training Completion	Placement	Retention
Duration	Single Activity, ≤ 4 weeks	20%			20%	40%	20%
	Single Activity, 1-3 months	20%	15%		15%	35%	15%
	Single Activity, 4-6 months	15%	20%		20%	35%	10%
	Single Activity, > 6 months	15%	15%	15%	15%	30%	10%
Intensity	Coupled Activity, ≤ 6 months	15%	20%		20%	35%	10%
	Coupled Activity, > 6 months	15%	15%	20%	20%	25%	5%
Target Group	General Eligible Population	15%			20%	45%	20%
	More Barriers "Harder-To-Serve"	25%			25%	35%	15%
Innovate	Established, Proven Activity	15%			25%	40%	20%
	New, Untested Activity Design	25%	10%		20%	35%	10%

* For Illustration Purposes Only. Not Recommended %'s For Every Situation.

APPENDIX B

Sample Performance-Based Contracting Tools

Work Statement Formats Used to RFP and Contract for Specific Activities

Coosa Valley Area Planning and
Development Commission Service
Delivery Area 17

Rome, Georgia

WORK STATEMENT
YOUTH COMPETENCIES

A. GENERAL INFORMATION

1. Number of slots: _____

2. Number to be served: _____

3. Type of Training: Youth Competencies - Pre-employment Skills

4. Counties to be served: ______________________________

____

5. When training to be provided: 08-01-87 to 06-30-88

6. Schedule of Training:

TASK/ACTIVITY	BEGIN DATE	COMPLETION DATE
Recruit Training Staff		
Recruit Trainees/Participants		
Identify and Secure Training Facilities		
Participant Training		
Trainee Job Placement/Competency Attainment		

7. Competencies that participants will acquire: PIC-approved competency level in pre-employment/work maturity skills.

B. PROGRAM CONTENT

1. Performance Standards:

Number to be served: _____
Positive termination rate: _____
Entered employment rate: _____
Cost per positive termination: _____

2. Target Groups:

a.	Female	60%
b.	Age 14-15	35%
c.	Age 16-17	55%
d.	Age 18-21	10%
e.	Black	27%
f.	Student	30%
g.	Dropout	35%
h.	Handicapped	15%
i.	Welfare Recipients	20%

3. Entry Criteria:

JTPA eligible youth age 14-21 enrolled in a secondary educational institution or dropouts who are residents of ______________________________ and whose score on the competency pre-test indicates that they lack understanding of subject matter included in the competencies. Priority will be given to potential dropouts, dropouts, welfare recipients and those who do not plan to go on to post-secondary education.

4. Exit Criteria:

Achievement of the specific number of competencies in each of the three components: career decision making; job seeking skills and job keeping skills. Some students may attain employment.

5. Services to be Provided:

Outline of youth competencies curriculum follows:

Curriculum Outline for Youth Competencies

A. Assessment testing and counseling

B. Career Exploration

C. Career Decision Making

D. Job Seeking Skills

    1. Elements of Job Search
    2. Job applications
    3. Resumes
    4. Cover letters
    5. Scheduling Interviews
    6. Interviews
    7. Interview follow-up

E. Job Keeping Skills

1. Following oral directions
2. Following written directions
3. Listening skills
4. Filling out appropriate forms (tax, insurance, etc.)
5. Accepting criticism
6. Goal setting
7. Budgeting
8. Financial management
9. Stress
10. Personnel policies
11. Work habits

6. Schedule of Training Locations and Training Hours: Training will be for _____ hours per day, _____ days per week for _____ weeks. Classes will be held in ______________________________

____

7. Counseling:

Counseling will be an on-going part of the curriculum and will be provided a minimum of three (3) times by the instructor or ______________________. ______________________ will be responsible for completion of the EDP.

8. Job Development and Placement:

Job Placement will be secured primarily through self-directed job search by the participant.

9. Selection Methodology:

Priority will be given to eligible youths who plan to enter the full-time labor market upon leaving school.

Assessment tools to be used

a. Pre-test/Post-test on pre-employment skills developed by Floyd Junior College
b. Competencies approved by the Private Industry Council
c. Checklist for competencies approved by the Private Industry Council
d. Performance Rating Sheet for competencies
e. File folders with documentation of competency achievement

10. Facilities:

______________________________ will provide classroom space as needed at no charge to the program.

11. Equipment:

Necessary equipment will be provided by ______________________ at no charge to the program.

12. Internal Administrative Procedures:

a. Job Descriptions

Instructor -

Instructor Aide

b. Internal Administrative Procedures

(Position) ______________________ will maintain the fiscal records and supporting documentation for the JTPA program. (Position ______________________ will maintain daily attendance records for participant orientation. (Position) ______________ will sign invoices. (Position) will track participant progress during training.

WORK STATEMENT
SHORT-TERM

A. GENERAL INFORMATION

1. Number of slots: _____; (adult _____, youth _____)

2. Number of participants: _____; (_____ adult, _____ youth)
Contractor will serve _____ carryovers from FY '87 contract (_____ in placement and _____ actively training).

3. Type of Training:

4. Counties to be served: ______________________________
____

5. When training to be provided: 08-01-87 to 06-30-88

6. Schedule of Training:

TASK/ACTIVITY	BEGIN DATE	COMPLETION DATE
Recruit Training Staff		
Recruit Participants		
Identify and Secure Training Facilities		
Participant Training		
Trainee Job Placement		

7. Competencies that participant will acquire:

____
____
____

B. PROGRAM CONTENT

1. Performance Standards:

	Adult	Youth
a. Total number to be served:		
b. Entered employment rate:	_____%	_____%
c. Cost per entered employment:	$	$
d. Average wage at placement:	$	$
e. Entered employment rate at follow-up:	65 %	
f. Average weekly earnings at follow-up:	$ 188.00	

2. Target Groups:

a. Female _____%
b. Age 16-21 _____%

c. Black _____%
d. Dropout _____%
e. Handicapped _____%
f. Unemployment Insurance Claimant _____%
g. Welfare Recipient _____%
h. Student _____%

3. Entry Criteria:

____

____

____

4. Exit Criteria:

____

____

____

5. Services to be provided:

____

____

____

6. Schedule of training:

_____ days a week; _____ hours a day _____ (a.m./p.m.) to _____ (a.m./p.m.); _____ average weeks of training at _______________ location.

7. Counseling:

____________________ will be responsible for counseling services and EDP completion. A minimum of _________ personal counseling sessions will be scheduled with each participant.

8. Job Development and Placement:

____

____

____

9. Selection Methodology:

____

10. Facilities:

11. Equipment:

12. Internal Administrative Procedures:

Staffing positions and responsibilities include the following:

13. Summary of course curriculum:

WORK STATEMENT
INDIVIDUAL REFERRAL

A. GENERAL INFORMATION

1. Number of slots: _____; (_____ adult, _____ youth).

2. Number of participants: _____ (_____ adults and _____ youth will be served). Contractor will serve _____ carryovers from FY'87 contract (_____ in placement and _____ actively training).

3. Type of training: Occupational Skills training through individual referral to existing classes at _______________ _______________ _______________.

4. Counties to be served: ____

____

5. Areas of training are as follows: ________________________________

____

6. When training to be provided: This project will begin July 01, 1987 and end June 30, 1988. Enrollment of new participants will begin on or after July 01, 1987.

7. Schedule of training: The training schedule is as follows:

Summer quarter begins _________________ and ends _________________.
Fall quarter begins _________________ and ends _________________.
Winter quarter begins _________________ and ends _________________.
Spring quarter begins _________________ and ends _________________.

8. Competencies that participant will acquire: Competencies acquired will vary according to training program. The grading system standards and procedures for evaluating student programs is outlined in ___________________________'s catalog. A JTPA trainee is expected to maintain acceptable progress while in training.

B. PROGRAM CONTENT

1. Performance standards:

The following standards will be met:

Adults

a. Entered employment rate: __________%
b. Cost per entered employment: $__________
c. Average wage at placement: $__________
d. Welfare entered employment rate: __________
e. Retention: __________

f. At follow-up (F.U.): __________%
g. Average weekly earnings at F.U.: $__________

Youth

a. Entered employment rate __________%
b. Attained employment enhancement __________%
c. Cost per positive termination $__________

2. Target Groups:

Target groups of trainees in actual numbers and percentages are as follows:

a. Females _____ _____%
b. Age 55 years + _____ _____%
c. Black _____ _____%
d. Other Minority _____ _____%
e. Dropout _____ _____%
f. Handicapped _____ _____%
g. Unemployment Insurance
   Claimant _____ _____%
h. Welfare Recipient _____ _____%

3. Entry Criteria:

a. General: All participants must meet eligibility requirements established by the Coosa Valley PIC. Other: ________________ ____.

4. Exit Criteria:

Participants must have successfully completed all requirements for the program of training they entered as specified in the school catalog.

5. Services to be provided:

Ninety percent (90%) of trainees will be enrolled in occupational skills training which does not exceed _____ quarters at __________. Ten percent (10%) of trainees may be enrolled for training up to six (6) quarters. Six quarters is the maximum training time for 10% of enrollments only.

In addition to the occupational skills training, a job-readiness component which teaches job-seeking and job-retention skills is offered to all trainees. Counseling with trainees is provided to assess their training needs and assist in placement.

Other: ____

6. Schedule (Training areas and hours):

Full-time day programs meet daily from _____ a.m. - _____ p.m. Full-time evening programs meet from _____ p.m. - _____ p.m. Classes meet five (5) days per week, _____ days per quarter, and _____ days per year.

7. Counseling:

The _______________, _______________, _______________, _______________, _______________ and instructors may provide counseling to participants. The _______________ is primarily responsible for counseling services. The _______________ performs the following functions: (1) counsels with eligible participants and helps them select occupations within the realm of their interests and abilities; (2) provides screening and career guidance in order to determine an applicant's trainability; (3) schedules with each JTPA student, a minimum of _____ personal counseling sessions per year; (4) instructs participants in job-seeking skills; (5) provides timely job leads; and (6) contacts employers, and confirms employment when JTPA students go to work.

8. Job Development and Placement:

Job Development is a continuous effort. Through personal job-site visits, telephone and mail contacts, the Placement Director, JTPA Coordinator and instructors make daily contacts with employers. Qualified JTPA trainees will be referred to employers when job orders are received. Also, job leads will be made available to trainees. To further assist in job placement, all JTPA students will be instructed in proper job-seeking skills. They will be given instructions in resume writing, application procedures and will have the opportunity to participate in a mock interview.

9. Selection Methodology:

____

____

____

____

____

10. Facilities:

All training will take place in the classrooms and labs at _______________ with the exception of the LPN program which requires an internship which will be at _________________________.

Other: ____

____

11. Equipment:

All equipment required for training is provided by ______________ ______________. Equipment at the school is up-to-date and meets safety regulations.

12. Internal administrative procedures:

(Position-______________) will maintain the fiscal records and supporting documentation for the JTPA program. (Position --______________) will maintain daily attendance records. (Position-______________) will certify information necessary for the issuance of support checks. (Position-______________) will distribute the support checks. (Position-______________) will sign invoices. Job descriptions are attached.

WORK STATEMENT
GED TRAINING PROGRAM

A. GENERAL INFORMATION

1. Number of slots: _____ (_____ adults, _____ youth)

2. Number of participants: _____ (_____ adults and _____ youth will be served. Contractor will serve _____ carryovers from FY '87 contract / _____ in placement and _____ actively training).

3. Type of Training: Eligible participants will be provided academic training to enable them to pass the GED examination in order for them to be able to pursue additional training and/or secure entry level employment in local growth occupational areas.

4. Counties to be served: The program will serve ____________________ ____ county(ies).

5. When training to be provided:

6. Schedule of training activities:

TASK/ACTIVITY	BEGIN DATE	COMPLETION DATE
Recruit Training Staff		
Recruit Participants		
Identify and Secure Training Facilities		
Participant Training		
Participant Job Placement		

7. The program will operate from _______________ through _______________.

B. PROGRAM CONTENT

1. Performance Standards:

Total number to be served: _______

Adults

a. Entered employment rate: _________%
b. Cost per entered employment $_________
c. Average wage at placement $_________
d. Welfare entered employment rate _________

Youth

a. Entered employment rate _________%
b. Attained employment enhancement _________%

c. Cost per positive termination $________

2. Target Groups:

Female	________%
Age 16-21	________%
Age 55+	________%
Black	________%
Dropout	________%
Handicapped	________%
Unemployment Insurance Claimant	________%
Welfare Recipient	________%

3. Entry Criteria:

a. General: All participants must meet eligibility requirements established by the Coosa Valley PIC.

b. Specific: 1) Participants must have scored at 8th grade level or higher on the Tests of Adult Basic Education (TABE) in the areas of reading and math and be able to attain the GED within three (3) months; 2) Participant must be willing and able to work based upon personal interview; 3) Other:____

____.

4. Exit Criteria:

1) Participants must obtain an average score of 45 or more and a minimum of 35 on all tests in order to pass the GED; 2) Participants may be terminated from the program upon job placement or entrance into the armed forces; 3) Participants may be negatively terminated when ______________________________

____

5. Services to be provided:

a) JTPA applicants will be interviewed and/or tested to determine their academic level and their job readiness; b) An Employability Development Plan (EDP) will be developed for each participant; c) Trainees will be provided an orientation regarding training, training expectations, rules and regulations, etc.; d) GED preparation instruction will be provided; e) Those who are unsuccessful in the GED program and/or those leaving the program will be assisted in job development.

6. Schedule of training:

Training is provided _____ days a week, _____ hours a day from _____ a.m. to _____ p.m. There is an average _____ weeks of training per participant.

7. Counseling:

The (Position ______________) is primarily responsible to provide counseling to participant. The ______________ performs the following functions: 1) Counsels with eligible participants to determine their job readiness, academic deficiencies, and barriers to employment; 2) schedules with each JTPA student a minimum of _____ personal counseling sessions per year; 3) maintains the EDP and other counseling notes.

8. Job Development and Placement:

The (Position ______________) is responsible for assistance in job development. Activities to assist participants in finding employment are as follows: ______________

____

____

9. Selection Methodology:

____

____

____

____

10. Facilities:

Training will be provided at ______________

____

____

11. Equipment:

All equipment required for training is provided by ______________. Equipment at the school is up-to-date and meets safety regulations.

12. Internal Administrative Procedures:

(Position- ______________) will maintain the fiscal records and supporting documentation for the JTPA program. (Position - ______________) will maintain daily attendance records. (Position- ______________) will certify information necessary for the issuance of support checks. (Position- ______________) will distribute the support checks. (Position- ______________) will sign invoices. Job descriptions are attached.

13. Summary of Course Curriculum:

WORK STATEMENT
ON-THE-JOB TRAINING

A. GENERAL INFORMATION

1. Number of slots: _____; (_____ adults, _____ youth)

2. Number of participants: _____; (_____ adults, _____ youth) Contractor will serve _______ carryovers from FY '87 contract; _______ in placement and _______ actively training.

3. Type of Training: On-the-Job Training

4. Counties to be served: ____

   ____

5. When training to be provided: 07-01-87 to 06-30-88

6. Schedule of training activities:

TASK/ACTIVITY	BEGIN DATE	COMPLETION DATE
Recruit Training Staff	__________	__________
Recruit Participants	__________	__________
Identify and Secure OJT Worksites	__________	__________
Participant Training	__________	__________
Participant Job Placement	__________	__________
Participant Tracking	__________	__________

7. Competencies that participants will acquire: Occupational Skills

B. PROGRAM CONTENT

1. Performance Standards

   a. Number to be served: Adult _____, Youth _____
   b. Percentage entered employment: _____ Adult, _____ Youth
   c. Average wage at placement: $4.50
   d. Welfare entered employment rate: 60%
   e. Adult employment rate at follow-up (13 weeks after termination = 65% at $188.00 average weekly earnings)
   f. Cost per entered employment: Adult _____
   g. Cost per positive termination: Youth _____

2. Target Groups

		Adult	Youth
a.	Females	70%	60%
b.	Age 18-21	N/A	100%
c.	Age 55+	5%	N/A
d.	Black	24%	27%

e.	Dropout	45%	35%
f.	Handicapped	10%	15%
g.	Unemployment Insurance Claimant	11%	N/A
h.	Welfare Recipient	21%	15%

3. Entry Criteria:

JTPA eligible, ____

____

____

4. Exit Criteria:

Completion of five (5) days of unsubsidized employment following completion of the training period.

____

____

____

5. Services to be provided:

Outreach and recruitment, Assessment, Participant Orientation, Job Search Assistance, OJT Development with Employers, Placement, Monitoring, Counseling and Tracking as described in the proposal.

6. Schedule Training Areas and Training Hours:

a. Participant Orientation will be given at __________________ as needed on ___________ through ___________ between the hours of ______ and _____.

Length of participant orientation: _____ hours for _____ days.

b. On-the-Job Training will be given as developed with employers.

7. Counseling:

___________________, ___________________ and __________________ may provide counseling to participants and ____________________ is primarily responsible. The following counseling services will be provided: 1) assessment of participant's occupational interests and abilities; 2) career guidance; 3) job seeking counseling sessions; 4) a minimum of _____ personal counseling sessions; 5) provision of job leads; 6) employment confirmation information; and 7) completion of EDP.

8. Job Development and Placement:

On-going

9. Selection Methodology:

Completion of application, interview by staff member and testing as indicated. (List any other methodology used by your agency)

10. Facilities:

(List facilities and give location)

11. Internal Administrative Procedures:

(Position) ______________________ will maintain the fiscal records and supporting documentation for the JTPA program. (Position ______________ will maintain daily attendance records for participant orientation. (Position) ______________ will sign invoices. (Position) will track participant progress during training.

Job Descriptions are attached.

Performance-based OJT Contract with Cost Reimbursement for Employer Training Costs

(currently being refined to include payment benchmarks for placement and retention only)

Northeast Georgia Area Planning and Development Commission Service Delivery Area 4

Athens, Georgia

ATTACHMENT B

SCOPE OF SERVICES

A. TRAINING PROGRAM OFFERED.

[redacted], will conduct an On-The-Job Training program to provide business and industry with job-specific skilled employees, while simultaneously creating job opportunities and hands-on skill training for economically disadvantaged residents of the Service Delivery Area (SDA).

Employers will receive reimbursement of up to 50 percent of the trainee's starting hourly wage,'exclusive of benefits, during the training period. A training program will be negotiated with the employer, taking into consideration the trainee's current skill level and the specific training requirements of the occupation/ skill.

The training will be designed and carried out by the employer at his/her place of business, which ensures the trainee will be exposed to the job-specific machinery, tools and actual work environment.

[redacted], will recruit, test, and assess applicants to meet the employer's minimum entry requirements. Referrals will be made to the employer. The employer makes the final decision to hire an applicant referred by [redacted].

[redacted], will enroll the trainee, monitor his/her progress, provide counseling, and make required payments to the employer. A job readiness or employability skills training component will be made available to all participants in need of such services.

Initial paperwork for On-The-Job Training must be finalized before the trainee begins work at the employer's place of business. Training periods must not be less than 80 hours in length and must not exceed the number of hours outlined for that occupation in the Specific Vocational Preparation Manual. [redacted]., will utilize the standard SDA 4 OJT Contract when contracting with employers.

B. ENTRY CRITERIA.

Each employer will make selection criteria known to [redacted], through contract negotiations. Criteria for applicant referral to an employer will be documented in the OJT Contract.

C. EXIT CRITERIA.

Each employer contracting with [redacted], will develop specific criteria for completion of training. [redacted] criteria for exiting the program is successful completion of training as outlined in the OJT Contract.

D. SERVICES TO BE PROVIDED.

1. The chart on the following page depicts participant flow through the OJT program from outreach to 90-day follow-up. Training will be provided at each OJT Contractor's place of business.

The employer will make the final decision on hiring and training participants from [redacted] pool of referrals. The employer is under no obligation to retain a trainee, however, all efforts should be made through participant counseling and contract monitoring to assure satisfaction of both the employer/trainer and employee/trainee.

ETCON, Inc., will provide the following services as part of this contract:

For the Applicant	For the Employer
a) Assessment/referral	a) Specific aptitude test results
b) Referral to training and supportive services	b) Employer referrals
c) Job readiness training	c) Task analysis
d) Counseling and guidance	d) Training outline
e) Job search assistance	e) Free, direct job placement

2. The employer/trainer and an [redacted]Job Developer will meet and create a training outline for each occupation utilizing a system of observation and functional task analysis. Each training outline will be the equivalent of a mini-curriculum.

The training outline will specify the following items: (a) job title, (b) DOT code, (c) beginning and ending wage rate, (d) funded wage rate, (e) training hours allocated, (f) training positions, (g) cost per position, (h) cost per occupation, (i) job description, (j) training categories, and (k) prerequisites. Using [redacted] "Job Analysis Worksheet", the Job Developer will interview the employer/trainer to acquire a set of task statements for a job and develop a position description. Major categories or groupings of tasks will be used to develop training categories. The DOT code will be assigned based on the results of this analysis.

PARTICIPANT MIX SUMMARY

LOCAL FACTORS	SDA PERCENTAGE	BIDDER'S PERCENTAGE
1. Female	59	59
2. 55 Yrs. and over	2	1
3. Black	60	55
4. Hispanic	1	1
5. Indian/Alaskan	0	0
6. Asian/Pacific	1	0
7. Dropout	30	40
8. Handicapped	5	3
9. UC Claimant	6	6
10. Welfare Recipient	20	18
11. 14-15 Year Olds	10	0
12. 18-21 Year Olds	42	45
13. Student	10	5
14. H. S. Graduate	60	60
15. Offender	3	1
16. AFDC Recipient	13	18
17. Limited English Speaking Ability	1	0
18. Not in Labor Force	15	15

ATTACHMENT A

A. FIXED PRICE BUDGET

BENCHMARK	COST PER PARTICIPANT	NUMBER OF PARTICIPANTS	TOTAL
ENROLLMENT	$300.00	175	$52,500.00
MIDPOINT	$421.69	166	$70,000.00
PLACEMENT	$176.17	149	$26,250.00
RETENTION	$200.38	131	$26,250.00
TOTAL	*$1,098.24		$175,000.00

* The fixed unit price established for the contract is $1,098.24.

B. COST REIMBURSABLE BUDGET

OJT WAGES

NO. OF PARTICIPANTS	X	HOURLY WAGE	X	NO. OF HOURS	=	TOTAL
175		$2.50		215		$94,062.50

TOTAL REIMBURSABLE COST: $94,062.50

Section A of this budget is a fixed unit price-performance based contract, pursuant to 20 CFR Section 629.38(e)(2) of the JTPA Regulations. This contract is for Specific Employer Training at a fixed unit price of $1,098.24 per participant. Full payment of the full unit price will be made only upon completion of training and placement into unsubsidized employment in the occupation for which training was provided at a rate of pay as specified in the contract for a retention period of 30 days.

MILESTONE/PAYMENT POINTS DEFINITION SHEET FOR CONTRACT

A. ENROLLMENT.

1. The Enrollment Fee will be paid for each client who is accepted and enrolled by the service provider and who attends five (5) days of training.

2. Enrollment will be verified through the Management Information System (MIS) prior to payment.

3. [redacted] will review eligibility determination documentation to ensure that satisfactory verification is contained in the participant record prior to payment of the Enrollment Fee.

4. Replacement participants will not be allowed.

B. TEST POINT (MIDPOINT).

1. Completion of 50 percent of the training and attainment of specific measurable skills as outlined in the OJT contract.

2. Contractor will bill [redacted] for each participant who completes the criteria specified in B.1.

3. The following documentation will be contained in the participant record to verify B.1:

   OJT Contractor Invoice which demonstrates the participant completed 50 percent of the training hours.

C. PLACEMENT.

1. The full Placement Fee will be paid for each participant who achieves completion of training as specified in the OJT contract and is: (a) placed in full-time (at least 35 hours per week) unsubsidized employment, (b) for at least seven (7) calendar days, (c) in an occupation for which the participant was trained (see DOT and Wage Sheet), and (d) for which he or she is paid the hourly wage specified on the DOT and Wage Sheet contained in this contract.

2. The Contractor will receive 75 percent of the full Placement Fee for all placements which pay less than the wage specified in C.1, but meet all other criteria in that paragraph.

3. Placements must occur within 45 days of completion of the training unless an extension is specifically permitted in writing by [redacted] No extension will be granted beyond 90 days of completion of training.

4. The Contractor is not entitled to a Placement Fee which does not meet the criteria specified above.

5. The following documentation will be contained in the participant record to verify C.1 above:

> A signed JTPA Placement and Retention Form (JTPA 519). This information will be verified by [redacted] prior to payment.

D. RETENTION.

1. The full Retention Fee will be paid for each participant who meets the definition of Placement, above, and remains with the original employer for 30 calendar days.

2. The full Retention Fee will be paid for each participant who: (a) meets the definition of Placement, above; (b) leaves the first employer; (c) is placed with a second employer; and (d) remains on the second job for 30 calendar days, provided, however, no Retention Fee will be paid if the second placement is in an occupation which is different from that of the first placement and the wage paid is lower that that of the first placement.

3. The Contractor is not entitled to a Retention Fee which does not meet the definition above.

4. The following documentation will be contained in the participant record to verify D.1 or D.2 above:

> A signed JTPA Placement and Retention Form (JTPA 519). This information will be verified by [redacted] prior to payment.

Performance-based Contract with Multiple, Clearly Defined Payment Benchmarks

**Palm Beach County Private Industry
Council, Service Delivery Area 22**

West Palm Beach, Florida

AGREEMENT NO.: ____________

MADE THIS ____ DAY OF _____________, 1989 BY AND BETWEEN

PALM BEACH COUNTY PRIVATE INDUSTRY COUNCIL, INC.

(hereinafter referred to as the "Private Industry Council")

and

____

(a not-for-profit corporation organized under the laws of the State of Florida hereinafter referred to as the "Service Provider")

for the provision of services for and at the direction of the Private Industry Council under the Job Training Partnership Act (Public Law 97-300) ("JTPA" or the "Act"), in accordance with the terms of this Agreement.

In consideration of the mutual covenants and benefits hereinafter set forth, the parties hereto covenant and agree as follows:

A. The term of this Agreement shall be from ________, ____ through _______, ____.

B. The Service Provider shall provide the services of ____ _____________________ for __________ (__) residents of Palm Beach County (SDA #22) eligible for services under JTPA, as described in the Statement of Services to be Provided, attached hereto and made a part hereof.

C. The Private Industry Council shall compensate the Service Provider for services provided hereunder in an amount not to exceed ______________________________________ ($__,___.__) in accordance with the Statement of Compensation for Services Provided, attached hereto and made a part hereof.

D. This Agreement consists of the first sheet, this sheet, the attached Statement of Services to be Provided, the attached Statement of Compensation for Services Provided, the attached General Provisions and Grievance Procedures, the attached copy of the Job Training Partnership Act, and the attached copy of Part II, Federal Register, February 12, 1988 (20 CFR Part 626 et seq.).

IN WITNESS WHEREOF, the Private Industry Council and the Service Provider have caused this Agreement to be duly executed as of the date set forth above.

Approved by Private Industry Council	Approved by Service Provider
By ____________________________ Signature	By ____________________________ Signature
____________________________ Name and Title	____________________________ Name and Title
____________________________ Witness	____________________________ Witness
SEAL	SEAL

Approved as to form and
legal sufficiency

____
Legal Counsel

STATEMENT OF SERVICES TO BE PROVIDED

A. Statement Of Work

The Service Provider shall provide training to eligible participants under the Job Training Partnership Act leading to placement in permanent unsubsidized employment in the installation, maintenance and repair of telephone interconnect, cable television, and fire and security alarm equipment. Such training shall be provided through a Training Program providing thirteen weeks of intensive classroom and laboratory training, and preparing JTPA participants for an entry-level job as a telecommunications technician. Emphasis shall be placed on hands-on training, with approximately 70 percent of the training time spent installing actual, current equipment. The training will include an overview of an Introduction to Telecommunications; Basic Electricity; Introduction to the Telephone, Security Alarm and Cable Industries and Installation, Equipment Testing and Troubleshooting. After completing the training, a Placement Counselor will work to meet the established goal for placing participants in unsubsidized employment.

B. Training Program

1. Curriculum

The Training Program will feature a core curriculum including a) basic electronics b) the installation, testing and troubleshooting of 1A2 key telephone systems and electronic key systems, c) installing, designating and modifying station equipment, d) reading and using schematics, e) modern PBX theory and terminology and experience in programming via a microcomputer CRT, f) proper use of tools, g) fundamentals of soldering, h) proper tool/equipment use and safety rules, i) installing and repair of security systems and j) CATV. Instructional methods will incorporate instructor-led lectures and discussions, supportive text materials and handouts, and simulated and actual equipment as related to the course curriculums.

2. Outcomes

Upon successful completion of the Training Program participants will be able to:

1. Demonstrate understanding of current, voltage and resistance using Ohm's Law.
2. Identify resistor values using the color code.
3. Terminate 25 pair cable and construct amphenals.
4. Assemble, disassemble and repair 6- and 10-button telephone sets.
5. Install and repair 1A2 key telephone systems and all basic features.
6. Demonstrate understanding of the operation and application of the Mitel SX-10 PBX system.

7. Install, troubleshoot and program the ITT-301 electronic phone system.
8. Install, troubleshoot and repair the Teletec self-contained telephone system.
9. Demonstrate understanding of the application of safety requirements of and identify basic hand tools and power tools.
10. Identify and demonstrate an understanding of the construction of various types of walls and ceilings found in commercial buildings and residences.
11. Demonstrate understanding of the theory and application of CATV and make coaxial cable connectors.
12. Install, troubleshoot and repair single and multizone security alarm systems.
13. Install and checkout: magnetic switches, glass break sensors, ultrasonic detectors, microwave detectors. passive infrared and photoelectric beam detectors.
14. Draw basic plans for commercial and residential security installation.
15. Install an RJ31-X alarm/phone interface.
16. Demonstrate understanding of the principles of closed-circuit television and access

systems.

17. Install, troubleshoot and repair Class A and B fire alarm systems and associated detectors.
18. Perform fundamental soldering techniques.
19. Formulate a resume based on self assessment.
20. Demonstrate knowledge of strategies for job seeking and keeping.

The skills to be acquired in the Training Program are set forth in further detail in the Schedule of Lectures and Demonstrations set forth in Attachment A, attached hereto and made a part hereof.

3. Course Organization

The Training Program will include 455 hours of classroom training over a period of thirteen weeks. Instruction will include three (3) weeks of textbook instruction in electronics, followed by ten (10) weeks of laboratory experience in which participants will learn how to install and repair various types of equipment used in the security alarm telephone, cable TV, and security systems industries. Students enrolled in the Training Program will attend classes from 8:30 a.m. to 4:30 p.m., five days a week. The Training Program shall be conducted by the Service Provider at the training facilities designated below, in three (3) cycles. Each cycle shall have a minimum enrollment of seventeen and a maximum enrollment of thirty-three participants.

No participants may be enrolled in a cycle after the thirtieth (30th) day of the beginning date of each cycle. No non-JTPA participants shall be enrolled in or attend the Training Program except on the prior approval of the Private Industry Council. The cycles shall be conducted according to the following schedule:

CYCLE	BEGINNING DATE	COMPLETION DATE
1	July 11, 1988	October 10, 1988
2	October 24, 1988	January 31, 1989
3	February 20. 1989	May 19, 1989

C. Placement in Employment

The Service Provider shall provide services designed to secure the placement of seventy-five percent (75%) of the participants enrolled (but in no event less than forty-nine (49) participants) in unsubsidized employment in the occupation(s) for which training is provided hereunder, including the identification and development of positions with employers in the community, and counseling and assistance to participants in applying for and securing, and maintaining such positions.

D. Staffing, Facilities, and Equipment

The Service Provider shall employ qualified staff, and utilize adequate facilities and equipment. Such staff, facilities and equipment shall not be less than as set forth in the Statement of Staff, Facilities, and Equipment attached hereto as Attachment B and made a part hereof. Failure to adhere to this Statement of Staff, Facilities and Equipment may result in termination of this Agreement at the discretion of the Private Industry Council.

E. Referral Criteria

The Service Provider shall consider for possible enrollment in training under this Agreement individuals who have been certified by the Private Industry Council as meeting the applicable eligibility requirements of the Job Training Partnership Act, and who meet the following criteria:

1. Minimum of 18 years of age
2. Seventh grade reading level and mathematics level as determined by a standardized TABE Test administered by the Service Provider and/or APTICOM Test administered by the Private Industry Council.
3. Ability to recognize colors as determined by the Dvorine Test of Color Vision administered by the Service Provider.
4. Possess a normal degree of manual dexterity as determined by the Purdue Pegboard of Manual Dexterity test administered by the Service Provider.
5. Lack of the skills to be acquired in the Training Program, and aptitude and desire for training and

employment, as determined by the Service Provider in a personal interview.

The Service Provider agrees to refer to the Private Industry Council any individuals recruited or referred who are not selected by the Service Provider for participation in the Training Program.

F. Recruitment

The Service Provider, in cooperation with the Private Industry Council, shall engage in outreach to and recruitment of eligible participants in the training to be provided hereunder, sufficient to assure that an adequate number of participants are enrolled for the performance of such training. Final responsibility for enrollment of sufficient participants shall rest with the Service Provider.

G. Participant Records

The Service Provider shall maintain individual folders for each participant including the following documents:

1. JTPA Child Care Voucher (if applicable)
2. JTPA Grievance Procedures, signed by the participant.
3. JTPA Referral Form (Attachment C)
4. Mid-term examination, signed by the participant and by the instructor.
5. Participant Mid-Point Evaluation Sheet.
6. Final examination, signed by the participant

and by the instructor.

7. Participant Final Evaluation Sheet.
8. Other evaluation tools, if any.
9. Certificate of Completion, signed by the Certifying Instructor.
10. Notification of Termination or Training Completion of Participant to School Board Child Care Office (if applicable).
11. Certification of full-time employment signed by the employer of the participant.
12. JTPA Notice of Child Care Services Termination (if applicable).

H. Weekly Reporting

The Service Provider shall provide to the Private Industry Council Contract Specialist on a weekly basis the attendance roster (Attachment J) of all participants who attended class during the duration of this Agreement.

STATEMENT OF COMPENSATION FOR SERVICES PROVIDED

A. Unit Cost Maximum Amount Payable

The Private Industry Council shall compensate the Service Provider for services performed under this Agreement in the amount (hereinafter referred to as the "Unit Cost") of THREE THOUSAND THREE HUNDRED EIGHTY-SIX DOLLARS ($3,386.00) for each participant who has completed the Training Program and has been placed in full-time employment as defined herein, subject to the limitations set forth below, and provided, that the total compensation budgeted to the Service Provider under this Agreement shall not exceed the amount of THREE HUNDRED THIRTY-FIVE THOUSAND TWO HUNDRED FOURTEEN DOLLARS ($335,214.00), and provided further, that the duty of the Private Industry Council to pay compensation under this Agreement shall be contingent upon the prior obligation by the Private Industry Council of funds for such compensation as hereinafter provided.

B. Earned Unit Costs

Such Unit costs shall be earned by the Service Provider with respect to a participant in the following payment increments:

1. Midpoint

A "Midpoint Payment" in the amount of EIGHT HUNDRED THIRTY DOLLARS ($830.00), shall be earned upon enrollment of a participant through the Midpoint date of a Training Program and the participant's achievement of the Midpoint skills as certified by the Service Provider on the Participant Mid-Point Evaluation Sheet attached hereto as Attachment D and made a part hereof. Midpoint payments shall be contingent upon the submission by the Service Provider of a Participant Summary (Attachment E attached hereto and made a part hereof) listing the names and social security numbers of participants the Service Provider attests have achieved the Midpoint skills, together with a properly executed participant Mid-Point Evaluation Sheet for each participant. The Mid-Point Evaluation Sheet shall be supported by a Mid-Term Examination in the form attached hereto as Attachment F and incorporated herein.

2. Training Completion

A "Training Completion Payment" in the amount of EIGHT HUNDRED SEVENTY-SIX DOLLARS ($876.00), shall be earned upon successful completion of the Training Program by a participant, as certified by the Service Provider on the Participant Final Evaluation Sheet attached hereto as Attachment G and made a part hereof. For the purpose of this Agreement, a participant must complete at least 319 hours of training in order to be considered as having completed training. Training Completion Payments shall be contingent upon the submission by the Service Provider of a Participant Summary (attached hereto as Attachment E and made a part hereof) listing the names and social security numbers of participants the Service Provider attests have successfully completed the Training Program, together with a properly executed Participant Final Evaluation Sheet for each such participant and a Certificate of Completion for each such participant, signed by the Certifying Instructor for the Training Program. The Final Evaluation Sheet shall be supported by a Final Examination in the form attached hereto as Attachment H and incorporated herein.

3. Placement Payments

a. Full Placement Payments

A "Placement Payment" in the amount of ONE THOUSAND SIX HUNDRED EIGHTY DOLLARS ($1,680.00) shall be earned upon placement of a participant in full-time, permanent, training-related employment at an hourly wage of not less than $4.50 per hour, as evidenced by a properly executed Employer Verification Form attached hereto as Attachment I.

b. Bonus Payment

A "Bonus Payment" in the amount of FIVE HUNDRED DOLLARS ($500.00) shall be earned by the Service Provider for each participant so placed in excess of fifty (50) placements.

c. Definition of Placement in Employment

For the purposes of the Agreement:

1. "Placement" refers to placement in employment commencing not later than sixty (60) calendar days after the participant's completion of training.

2. "Employment" refers to unsubsidized employment.
3. "Permanent" refers to employment that is retained for not less than thirty (30) days and for which no termination date has been established.
4. "Full-time" refers to employment at an average of not less than thirty (30) hours per week.
5. "Training-related" refers to employment in positions as: a Instrument Repairer (722.281-010), Assembler (Tel & Tel) (722.381-010), Electronics Assembler, Developmental (726.261-010), Electronics Tester I Technician (726.281-014), Electronics Utility Worker (726.361-010), Electronics Inspector I (726.381-010), Production Repairer (electronics) (726.381-014), Electronics Assembler (inst. & app.) (726.384-010), Electronics Assembler (electronics) (726.684-018), Electronics Inspector (electronics) II (726.684-022), Electronics Tester (electronics) II (726.684-026), Cable Maker (electronics) (728.684-010), Wirer,

Cable (elec. equip.) (729.381-022), Electrical Control Assembler (729.684-026), Assembler, Electrical Accessories (729.687-010), Community-Antenna-Television Line Technician (821.261-010), Line Maintenance (821.261-014), Television-Cable Installer (821.281-010), Cable Installer - Repairer (821.361-010), Central Office Repairer (822.281-014), Maintenance Mechanic, Telephone (822.281-018), Private Branch Exchange Repairer (822.281-022), Cable Tester (Tel & Tel) (822.361-010), Central Office Installer (Tel & Tel) (822.361-014), Protective Signal Installer (822.361-018), Protective Signal Repairer (822.361-022), Line Installer-Repairer (Tel & Tel) (822.381-014), Private Branch Exchange (PBX) Installer (822.381-018), Protective Signal Installer - Helper (822.664-010), Protective Signal Repairer - Helper (822.684-014), Sound Technician, Intercom Helper (829.281-022), Cable Splicer (829.361-010),Cable Splicer Helper (829.667-010), Electrician Helper

(329.684-022), Protective Signal Operator (379.362-014) and other positions that substantially utilize the skills acquired in the Training Program conducted under this Agreement, as determined by the Private Industry Council in its sole discretion.

The Private Industry Council shall determine whether a placement constitutes employment within the meaning of the terms of this Agreement as defined herein.

4. Limitations on Payments

Notwithstanding any other provision hereof, compensation for services under this Agreement shall be subject to the following limitations:

a. Reduction for Late Placement

The amount of the Placement Payment under Paragraph 3 (a) shall be reduced by five (5) percent for any placement in employment commencing on the thirty-first (31st) through the thirty-seventh (37th) day following the ending date of the participant's Training Program, by ten (10) percent for any placement in employment commencing on thirty-eighth (38th) through the forty-fourth (44th) day following the ending date of the participant's Training Program, by fifteen (15) percent for any placement in employment commencing on the forty-fifth (45th) through the fifty-first (51st) day following the ending date of the participant's Training Program, and by twenty (20) percent for any placement in employment commencing on the fifty-second (52nd) through the sixtieth (60th) day following the ending date of the participant's Training Program.

b. Obligation/Availability of Funds

The Private Industry Council shall obligate the amount of ONE HUNDRED ELEVEN THOUSAND SEVEN HUNDRED THIRTY-EIGHT DOLLARS ($111,738.00) for each of the three cycles provided herein on the following dates: Cycle I, June 12, 1988; Cycle II, September 24, 1988; Cycle III, January 21, 1989, utilizing the Statement of Obligations attached hereto as Attachment K. Each such obligation shall be subject to a determination by the Private Industry Council that sufficient funds will be available within the Private Industry Council's budget. Should the Private Industry Council determine that sufficient funds are not available for a scheduled obligation, the Private Industry Council will provide reasonable advance notice to the Service Provider, and the Service Provider may, at its option, terminate this Agreement or renegotiate its terms.

c. Invoice Deadline/Deobligation

The Private Industry Council shall pay only such invoices for earned unit costs as are received within thirty (30) calendar days of the date such unit costs were earned, together with documentation as required herein and validated as payable, provided, that the Private Industry Council will make no payments of invoices for payment increments received after the following dates:

Cycle	Payment Increment	Invoice Deadline
1	Mid-Point	September 21, 1988
	Completion	November 9, 1988
	Placement	February 7, 1989
2	Mid-Point	January 4, 1989
	Completion	March 2, 1989
	Placement	May 31, 1989
3	Mid-Point	April 30, 1989
	Completion	June 19, 1989
	Placement	September 18, 1989

After each such invoice deadline, the Private Industry Council will unilaterally deobligate all funds for such payment increments for which invoices have not been received. In addition the Private Industry Council will deobligate funds unavailable for compensation due to the lack of enrollments projected per cycle.

d. Pell Grant and SEOG Payments

Notwithstanding any provision of this Agreement to the contrary, no compensation shall be earned or payable for services provided under this Agreement to the extent that any such services are paid for, directly or indirectly, through a Pell Grant or Supplemental Educational Opportunity (SEOG) Grant. The Service Provider shall take sufficient actions to assure that services paid for through such grants are not paid for under this Agreement (including the reduction of invoices to the extent of such grant payments, the return of any funds paid hereunder for services paid for through such grants, and any other actions as may be required by the Private Industry Council).

*U.S. GOVERNMENT PRINTING OFFICE:1989-241-408:05575